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LEGISLATIVE HISTORY

Public Law 411--77th Congress

Chapter 16--2d Session

U. R. 3487

TABLE OF CONTENTS

Digest of Public Law 411	1
Index and Summary of History on H. R. 3487	2

CIVIL SERVICE RETIREMENT ACT AMENDMENTS. Places under the Civil Service Retirement Act all elective and appointive officers and employees in the executive, judicial, and legislative branches not already subject to another retirement system. Authorizes the President to exclude from retirement coverage any executive-branch officer or employee whose tenure of employment is intermittent or of uncertain duration. Requires regular 3-1/2% salary deductions to be held from persons accorded a retirement status by this act. Increases rate of contributions to the retirement fund from 3-1/2 to 5% beginning July 1, 1942. Places all officers and employees in the 70 retirement age group, thereby eliminating the former age groups of 62 and 65 years. Exempts department personnel appointed by the President from automatic separation for an indefinite period not extending beyond the duration of their appointment or term of service. Exempts all other department employees who have reached or shall reach prior to April 1, 1942, the retirement age, from automatic separation until April 30, 1942, but permits the Secretary to request the retirement of any such employee at an earlier time.

Permits optional retirement at 60 after at least 30 years of service or at 62 after 15 or more years of service, this option to be exercised by either the employee or the Secretary. Permits reemployment of persons retired under the age or optional provision of the law who are possessed of special qualifications, retirement annuity being terminated upon resumption of employment. Vests title to annuity, upon attaining age 62, in an employee who voluntarily separates himself from service or is removed for cause after 5 years or more, and provides that if such employee is involuntarily separated and is not removed for cause on charges of misconduct or delinquency, he may receive either (a) deferred annuity at age 62 or (b) immediate annuity of equivalent actuarial value at age 55. Upon such separation an employee may receive a refund covering service prior to effective date of this act with interest, and any sum so refunded, except voluntary contributions, must be redeposited with interest before the employee may derive annuity benefits based on the service covered by the refund. Provides that any employee who, after serving less than 5 years, is transferred to a position not within the act, or absolutely separated from service, may receive a refund of the sum credited to his individual account with interest.



INDEX AND SUMMARY OF HISTORY ON H. R. 3487

February 19, 1941 H. R. 3487 was introduced by Rep. Hamspeck and was referred to the House Committee on Civil Service. Print of the bill as introduced.

June 3, 1941 Hearings: House, H. R. 3487.

August 23, 1941 Hearings: House, H. R. 3487.

October 20, 1941 House Committee reported H. R. 3487 with amendments. House Report 1285. Print of the bill as reported.

December 1, 1941 H. R. 3487 was discussed in the House and passed as reported.

December 4, 1941 H. R. 3487 was referred to the Senate Committee on Civil Service. Print of the bill as referred.

December 22, 1941 Senate Committee reported H. R. 3487 with amendments. Senate Report 921. Print of the bill as reported.

January 7, 1942 Amendment proposed by Senator George. Print of the amendment.

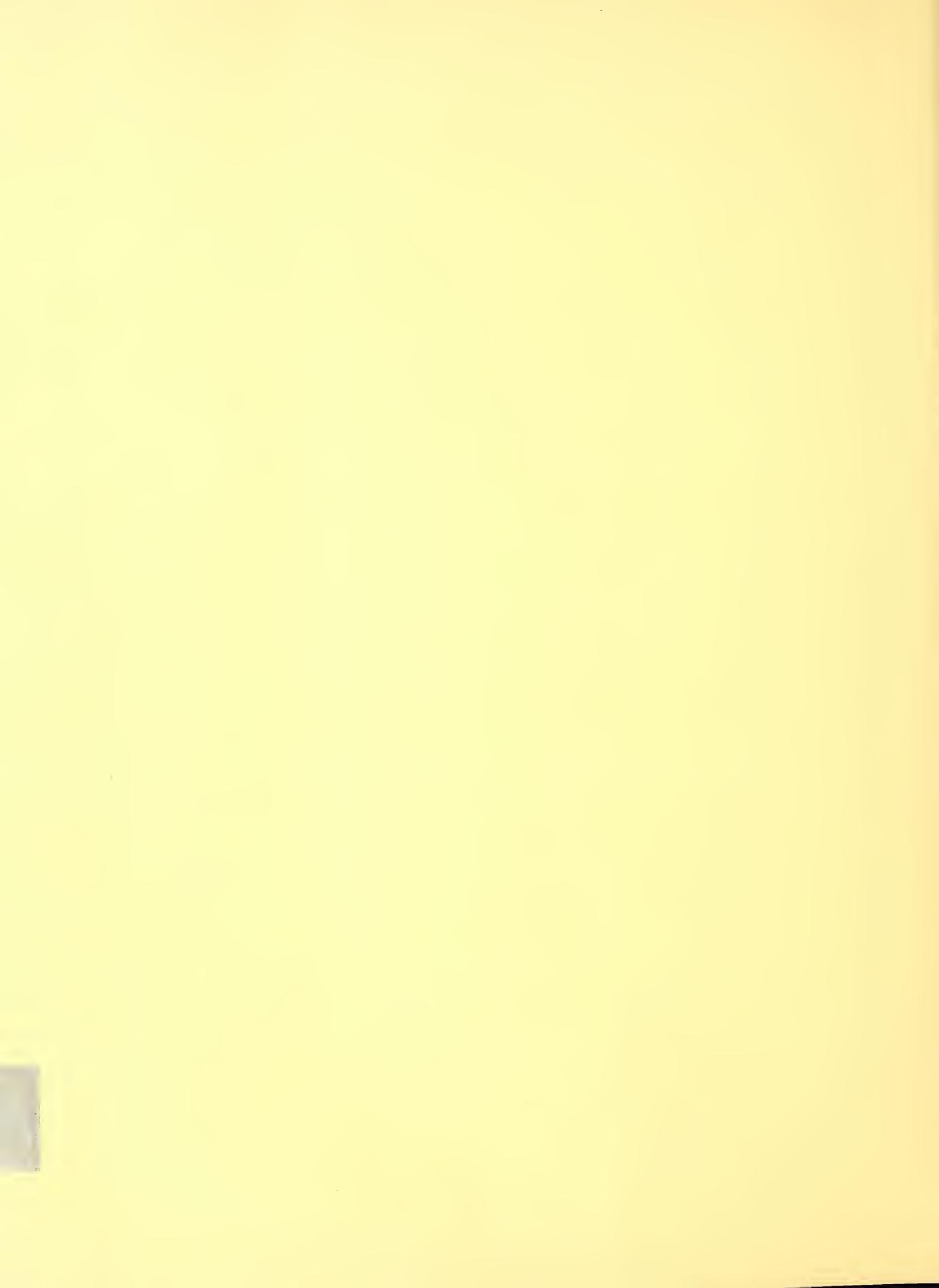
January 19, 1942 H. R. 3487 was debated in the Senate and passed with amendments.

January 19, 1942 Print of H. R. 3487 with the amendments of the Senate numbered.

January 21, 1942 House concurred in the Senate amendments.

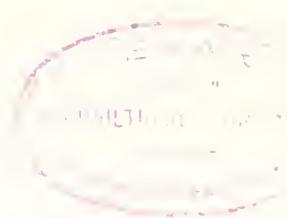
January 24, 1942 Approved. Public Law 411.





77TH CONGRESS
1ST SESSION

H. R. 3487



IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 19, 1941

Mr. RAMSPECK (by request) introduced the following bill; which was referred to the Committee on the Civil Service

A BILL

To amend further the Civil Service Retirement Act, approved May 29, 1930, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 1 of the Civil Service Retirement Act approved
4 May 29, 1930, as amended, is amended by striking out the
5 whole thereof and substituting in lieu thereof the following:
6 “SECTION 1. (a) All officers and employees to whom
7 this Act applies who shall have attained, or shall hereafter
8 attain the age of seventy years and have rendered at least
9 fifteen years of service computed as prescribed in section 5
10 of this Act shall be eligible for retirement on an annuity
11 as provided in section 4 hereof.

1 “(b) Any officer or employee to whom this Act applies
2 who shall have attained, or shall hereafter attain the age of
3 sixty years and have rendered at least thirty years of
4 service computed as prescribed in section 5 of this Act, or
5 who shall have attained, or shall hereafter attain the age of
6 sixty-two years and have rendered at least fifteen years of
7 such service may, upon his own option, retire and shall be
8 paid an annuity computed as provided in section 4 of this
9 Act.

10 “(c) The head of a department or independent Govern-
11 ment agency concerned may request the retirement of any
12 such officer or employee described in subsection (b) of this
13 section who, by reason of a disqualification is unable to per-
14 form satisfactorily and efficiently the duties of his position
15 or some other position of the same grade or class as that
16 occupied by the employee and to which he could be assigned.
17 No such request shall be submitted to the Civil Service Com-
18 mission unless and until the said officer or employee has been
19 notified in writing of the proposed retirement. Each such
20 officer or employee shall, upon request by him, have oppor-
21 tunity for a hearing before the Civil Service Commission, at
22 which hearing the officer or employee may appear in person
23 or he may be represented by a person of his choice. No
24 such officer or employee shall be so retired unless the Civil
25 Service Commission after examination finds that he is so

1 disqualified. The determination of the Civil Service Com-
2 mission as to whether the officer or employee shall be retired
3 under this subsection shall be final and conclusive. Any
4 person so retired shall be paid an annuity computed as pro-
5 vided in section 4 hereof.

6 “(d) Any officer or employee who has completed thirty
7 years of service computed in accordance with the provisions
8 of section 5 hereof and who has reached or may hereafter
9 reach the age of fifty-five years may voluntarily retire and
10 shall be paid an immediate life annuity beginning on the
11 first day of the month following the date of separation from
12 the service having a value equal to the present worth of a
13 deferred annuity at the age of sixty years computed as pro-
14 vided in section 4 of this Act.

15 “If none of the options provided in this section is exer-
16 cised prior to the date upon which the officer or employee
17 would otherwise be eligible for retirement from the service,
18 the provisions of this Act with respect to automatic separa-
19 tion from the service shall apply.”

20 SEC. 2. Strike out all of section 2 of the Act of May 29,
21 1930, as amended, and insert in lieu thereof the following:

22 “(a) Except as provided in section 204 of the Act of
23 June 30, 1932 (47 Stat. 404), and (50 Stat. 512) section
24 3 of the Act of July 13, 1937, all officers or employees to
25 whom this Act applies shall, on the last day of the month in

1 which they attain retirement age as defined in the preceding
2 section; and having rendered at least fifteen years of service,
3 be automatically separated from the service, and all salary,
4 pay, or compensation shall cease from that date, and it shall
5 be the duty of the head of each department, branch, or inde-
6 pendent office of the Government concerned to notify each
7 such employee under his direction of the date of his separa-
8 tion from the service at least sixty days in advance thereof:
9 *Provided, however,* That no provision of this or any other
10 Act relating to automatic separation from the service shall
11 have any application whatever to any elective officer.

12 “(b) No person separated from the service who is re-
13 ceiving an annuity under the provisions of section 1 of this
14 Act shall be eligible again to appointment to any appointive
15 office, position, or employment under the United States or
16 of the government of the District of Columbia.”

17 SEC. 3. That section 3 of the Act of May 29, 1930, as
18 amended, is amended by striking out all thereof and inserting
19 in lieu thereof the following:

20 “(a) This Act shall apply to all officers or employees
21 in or under the executive, judicial, and legislative branches
22 of the United States Government, all elective or appointive
23 officers in or under the said branches, and to all officers and
24 employees of the municipal government of the District of
25 Columbia: *Provided, however,* That this Act shall not apply

1 to any such officer or employee of the United States or of
2 the municipal government of the District of Columbia sub-
3 ject to another retirement system for such officers and em-
4 ployees of the said governments, nor to any elective officer
5 until such officer gives notice in writing to the Civil Service
6 Commission of his or her desire to come within the purview
7 of this Act. Said notice must be given in the case of any
8 such person in the legislative branch of the Government on
9 the effective date of this Act, within six months from such
10 effective date, and in the case of any such person elected
11 and serving after the effective date of this Act, within six
12 months from the taking of the oath of office.

13 “(b) The President shall have power, in his discretion,
14 to exclude from the operation of this Act any officer or em-
15 ployee or group of officers or employees in the service whose
16 tenure of office or employment is intermittent or of uncertain
17 duration.”

18 SEC. 4. Section 7 of the said Act of May 29, 1930, as
19 amended, is hereby repealed, and in lieu thereof the following
20 is substituted:

21 “(a) Should any officer or employee to whom this Act
22 applies, after having served for a total period of not less
23 than five years and before becoming eligible for retirement
24 become separated from the service, such officer or employee
25 shall be paid a deferred annuity beginning at the age of

1 sixty-two years, computed as provided in clauses (1) and
2 (2) of section 4 (a) of this Act: *Provided*, That any such
3 person involuntarily separated from the service not by re-
4 moval for cause on charges of misconduct or delinquency
5 may elect to receive an immediate annuity beginning at the
6 age of fifty-five or at the date of separation from the service
7 if subsequent to that age having a value equal to the present
8 worth of a deferred annuity beginning at the age of sixty-
9 two years, or at age of separation if subsequent to age sixty-
10 two, computed as provided in section 4 of this Act.

11 “(b) Should an annuitant under the provisions of this
12 section be reemployed in a position included in the pro-
13 visions of this Act, the annuity and any right to an im-
14 mediate or deferred annuity as provided herein shall cease
15 as of the date of such employment. If such annuitant is
16 reemployed in any position in the service of the United
17 States or the District of Columbia, not within the provisions
18 of this Act, annuity payments shall be discontinued during
19 the period of such employment, and resumed in the same
20 amount upon termination of such employment.

21 “(c) Interest shall be allowed on the amount credited
22 to such separated officer's or employee's individual account
23 in the retirement fund at 3 per centum compounded on
24 June 30 of each year until the beginning date of annuity.”

25 SEC. 5. That in section 9 of the Act of May 29, 1930,

1 as amended, after the words "and also 3½ per centum of
2 the basic salary, pay, or compensation for services rendered
3 from and after July 1, 1926" insert the following: "and
4 prior to June 30, 1941, and also 5 per centum of such basic
5 pay, salary, or compensation for services rendered on and
6 after July 1, 1941".

7 SEC. 6. Add to the first sentence of section 10 of the Act
8 of May 29, 1930, as amended, the following: "*Provided,*
9 That after June 30, 1941, there shall be deducted and with-
10 held from the basic salary, pay, or compensation of any officer
11 or employee to whom this Act applies a sum equal to 5 per
12 centum of such officer's or employee's basic salary, pay, or
13 compensation".

14 SEC. 7. Strike out paragraph (b) of section 12 of the
15 Act of May 29, 1930, as amended, and insert in lieu thereof
16 the following:

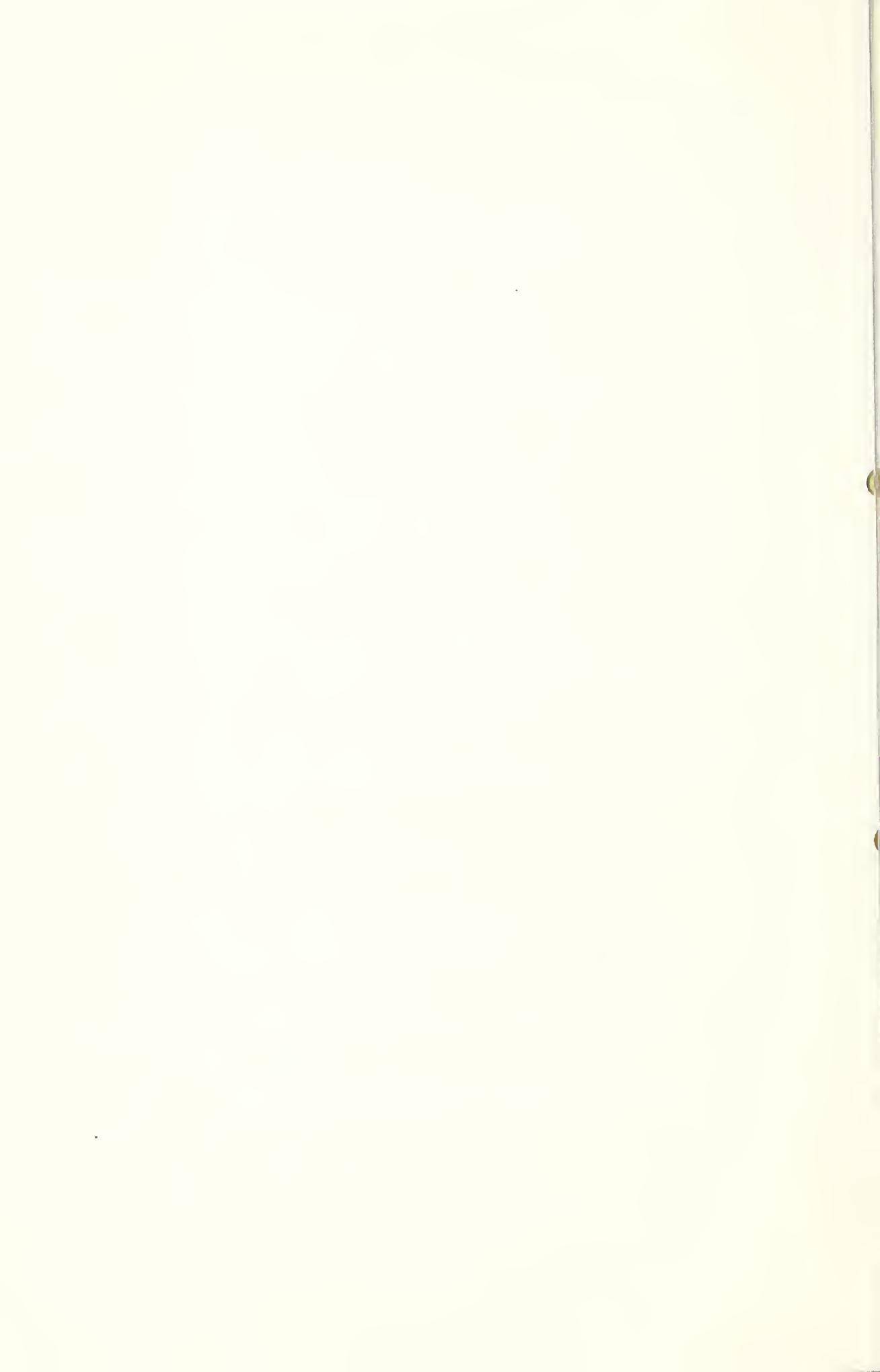
17 "In the case of any officer or employee to whom this
18 Act applies who shall be transferred to a position not within
19 the purview of this Act, or who shall become absolutely
20 separated from the service before he shall have completed an
21 aggregate of five years of service computed in accordance
22 with section 5 of this Act, the amount of deductions from his
23 basic salary, pay, or compensation credited to his individual
24 account, together with interest at 4 per centum compounded
25 on June 30 of each year shall be returned to such officer or

1 employee: *Provided*, That when an officer or employee be-
2 comes involuntarily separated from the service, not by re-
3 moval for cause on charges of misconduct or delinquency
4 before completing five years of creditable service the total
5 amount of deductions from his basic salary, pay, or com-
6 pensation with interest at 4 per centum compounded on June
7 30 of each year shall be returned to such officer or employee:
8 *Provided further*, That all deductions from basic salary, pay,
9 or compensation so returned to an officer or employee must,
10 upon reinstatement, retransfer, or reappointment to a position
11 coming within the purview of this Act be redeposited with
12 interest at 4 per centum compounded on June 30 of each
13 year before such officer or employee may derive any benefits
14 under this Act, except as provided in this section, but interest
15 shall not be required covering any period of separation from
16 the service."

17 SEC. 8. Nothing in this Act shall be so construed as to
18 affect any rights of persons separated prior to the effective
19 date of this Act, but all such rights shall continue and may be
20 enforced in the same manner as though this Act had not been
21 made.

22 SEC. 9. This Act shall take effect July 1, 1941.







A BILL

To amend further the Civil Service Retirement Act, approved May 29, 1930, as amended.

By Mr. RAMSPECK

FEBRUARY 19, 1941

Referred to the Committee on the Civil Service



FILE COPY
GENERAL RETIREMENT

LEGISLATIVE SERVICE SECTION
Office of the Secretary of Finance

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HEARINGS

BEFORE THE

COMMITTEE ON THE CIVIL SERVICE HOUSE OF REPRESENTATIVES

U.S.
SEVENTY-SEVENTH CONGRESS
FIRST SESSION

ON

H. R. 3487	H. R. 1846	H. R. 1847
H. R. 1590	H. R. 1843	H. R. 2482
H. R. 2764	H. R. 2812	H. R. 2852
H. R. 3322	H. R. 3692	H. R. 3926

BILLS PROPOSING TO AMEND CIVIL SERVICE
RETIREMENT ACT

JUNE 3, 4, 11, 1941

Printed for the use of the Committee on the Civil Service



COMMITTEE ON THE CIVIL SERVICE

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GENERAL RETIREMENT

TUESDAY, JUNE 3, 1941

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE CIVIL SERVICE,
Washington, D. C.

The committee this day met at 10:30 a. m., Hon. Robert Ramspeck, chairman, presiding, for consideration of H. R. 1590, H. R. 1843, H. R. 1846, H. R. 1847, H. R. 2482, H. R. 2764, H. R. 2812, H. R. 2852, H. R. 3322, H. R. 3487, H. R. 3692, and H. R. 3926, bills proposing to amend the Civil Service Retirement Act. The bills are printed below:

[H. R. 1590, 77th Cong., 1st sess.]

A BILL To amend section 3 of the Civil Service Retirement Act, approved May 29, 1930 (46 Stat. 468), as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Civil Service Retirement Act, approved May 29, 1930 (46 Stat. 468), is further amended by inserting in said section at the end of subsection "(i)" thereof, a new subsection to be known as "(j)", the same to read as follows: "(j) All employees of the Alaska Road Commission in the Territory of Alaska whose tenure of employment is not intermittent or of uncertain duration although such employment may be seasonal because of climatic conditions in Alaska."

[H. R. 1843, 77th Cong., 1st sess.]

A BILL Granting retirement benefits to certain employees of the United States transferred from a classified position to an unclassified position in the civil service

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no employee of the United States who served in the classified civil service after August 20, 1920, and who was separated from the service prior to March 27, 1922, and who would otherwise be entitled to retirement benefits under the Civil Service Retirement Act of 1920, as amended and supplemented, shall be denied the benefits of such Act by reason of the fact that such person was serving in an unclassified position in the civil service at the time of his separation from the service.

SEC. 2. Any employee granted retirement benefits pursuant to this Act who has withdrawn from the civil-service retirement and disability fund the amount of his deductions, shall be required to deposit to the credit of such fund the amount so withdrawn, with interest compounded on June 30 of each year at the rate of 4 per centum, before he shall be entitled to such retirement benefits.

[H. R. 1846, 77th Cong., 1st sess.]

A BILL To amend sections 1 and 2 of the Civil Service Retirement Act approved May 29, 1930, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That sections 1 and 2 of the Civil Service Retirement Act approved May 29, 1930, as amended, are amended to read:

"ELIGIBILITY FOR SUPERANNUATION RETIREMENT

"SECTION 1. All employees to whom this Act applies who, before its effective date, shall have attained or shall thereafter attain the age of sixty years and rendered at least fifteen years of service computed as prescribed in section 5 of this

Act shall be eligible for retirement on an annuity as provided in section 4 hereof: *Provided*, That any such employee who was employed as a mechanic for the major portion of his service, and not less than fifteen years, and was, subsequent to August 20, 1920, involuntarily transferred to employment as a laborer and thereafter involuntarily discharged from the service of the United States, shall receive such annuity as he would have been entitled to, if on the day of his discharge from the service he had been retired under the provisions of this Act: *Provided further*, That the term 'mechanics', as used in this Act, shall include all employees in the Government Printing Office whose duties are to supervise, perform, or assist in apprentice, helper, or journeymen work of a recognized trade or craft, as determined by the Public Printer.

"All employees to whom this Act applies, who would be eligible for retirement from the service upon attaining the age of sixty years, shall, after having rendered at least thirty years' service, computed as provided in section 5 of this Act, be eligible for retirement on an annuity as provided in section 4 of this Act. Retirement under the provisions of this paragraph shall be at the option of the employee; but if such option is not exercised prior to the date upon which the employee would otherwise be eligible for retirement from the service, the provisions of this Act with respect to automatic separation from the service shall apply.

"AUTOMATIC SEPARATION

"SEC. 2. All employees to whom this Act applies shall, on arriving at retirement age as defined in the preceding section, and having rendered fifteen years of service, be automatically separated from the service, and all salary, pay, or compensation shall cease from that date, and it shall be the duty of the head of each department, branch, or independent office of the Government concerned to notify such employees under his direction of the date of such separation from the service at least sixty days in advance thereof.

"No person separated from the service who is receiving an annuity under the provisions of section 1 of this Act shall be employed again in any position within the purview of this Act."

[H. R. 1847, 77th Cong., 1st sess.]

A BILL Relative to certain annuities

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, subject to the provisions of section 2 of this Act, (1) the widow of an employee dying after the date of the enactment of this Act to whom the provisions of the Civil Service Retirement Act of May 29, 1930, as amended, apply, shall be paid an annuity equal to 50 per centum of the annuity such employee would have received if he had retired as of the date of his death, computed as provided in section 4 of said Act of May 29, 1930, as amended, provided such annuity shall be not less than \$300; and (2) the widow of a former employee dying after the date of enactment of this Act who has been receiving an annuity under the provisions of said Act of May 29, 1930, as amended (except an increased annuity as provided in section 4 of said Act, as amended), shall be paid an annuity equal to 50 per centum of the annuity which her husband had been receiving, provided such annuity shall be not less than \$600. The annuity provided by this section shall be payable monthly and shall be paid until the death or remarriage of the widow.

SEC. 2. In order to be entitled to the annuity provided by section 1 of this Act, the widow of such employee or annuitant shall have married the employee or annuitant at least five years prior to his death, shall be not less than thirty-five years of age, and, in the case of the widow of an employee, such employee shall have been subject to the provisions of the Civil Service Retirement Act of May 29, 1930, as amended, for at least five years prior to his death.

SEC. 3. The provisions of subsections (c) and (d) of section 12 of such Act of May 29, 1930, as amended, shall not be applicable in the case of an employee or annuitant whose widow is entitled to an annuity under this Act. If such widow dies before she has received in annuities an amount which equals the total amount to her husband's credit in the civil-service retirement and disability fund at the date of his death, the amount remaining to his credit and any accrued annuity shall be paid to the duly appointed executor or administrator of the estate of such widow. If there be no such executor or administrator, payment may be made, after the expiration of thirty days after the date of the death of the widow

to such person or persons as may appear in the judgment of the Civil Service Commission to be legally entitled thereto, and such payment shall be a bar to recovery by any other person. If such widow remarries before she has received in annuities an amount which equals the total amount to her husband's credit in the civil-service retirement and disability fund at the date of his death, the amount remaining to his credit and any accrued annuity shall be paid to such widow within sixty days after the date of her remarriage.

[H. R. 2482, 77th Cong., 1st sess.]

A BILL To amend section 13 of the Civil Service Retirement Act of May 29, 1930

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 13 of the Civil Service Retirement Act of May 29, 1930, as amended, be, and is hereby, amended by adding at the end thereof the following paragraph:

"The term 'annuitant' as used in this Act shall include any employee who has met all requirements of the Act for title to annuity and has filed claim therefor, notwithstanding final administrative action was not taken by the Civil Service Commission prior to his death."

This Act shall be effective from January 1, 1940.

[H. R. 2764, 77th Cong., 1st sess.]

A BILL To provide retirement annuities for certain former employees

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That all employees of the United States who, subsequent to the effective date of the Act entitled "An Act for the retirement of employees in the classified civil service, and for other purposes", approved May 22, 1920, became separated from the service within five years of retirement and who have been removed from the service through no fault of their own, who have not withdrawn moneys paid into the retirement fund, shall by continued monthly payment of the amount last deducted from their salary be entitled to be considered in the Government service for the purposes of receiving full retirement benefits at the rate they would have received had they remained in the Government service after rendering not less than twenty-five years of service and who would, had they remained in the service, have come within the provisions of such Act, shall be eligible for retirement annuities upon the date of enactment of this Act or upon attaining the age of retirement, whichever date is the later.

[H. R. 2812, 77th Cong. 1st sess.]

A BILL To provide for retirement benefits for civil-service employees who are disabled war veterans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any veteran of the World War who has a combat disability of 10 per centum or more, and who has been employed by the Government of the United States for the prescribed time under the civil service may, at the expiration of such term of service retire at the statutory maximum pay, regardless of age.

[H. R. 2852, 77th Cong. 1st sess.]

A BILL To amend the Civil Service Retirement Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Act of May 29, 1930, as amended, is amended by striking out all thereof and inserting in lieu thereof the following:

"(a) This Act shall apply to all employees in or under the executive, judicial, and legislative branches of the United States Government, including persons serving in third-class post offices paid from appropriated funds allotted to the postmaster for clerical hire; all appointive officers in or under the said branches and to all officers and employees of the municipal government of the District of

Columbia: *Provided, however,* That this Act shall not apply to any such officer or employee of the United States or of the municipal government of the District of Columbia subject to another retirement system for such officers and employees of the said governments.

"(b) The President shall have power, in his discretion, to exclude from the operation of this Act any officer or employee or group of officers or employees in the service whose tenure of office or employment is intermittent or of uncertain duration."

[H. R. 3322, 77th Cong., 1st sess.]

A BILL To amend an Act entitled "An Act for the retirement of employees in the classified civil service, and for other purposes", approved May 22, 1920

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Act entitled "An Act for the retirement of employees in the classified civil service, and for other purposes", approved May 22, 1920, and Acts in amendment thereto, approved May 29, 1930, be amended to read as follows:

"All employees in the civil service of the United States to whom the aforesaid Act applies who shall have rendered at least thirty years of service computed as prescribed in section 1 of the Act entitled 'An Act for the retirement of employees in the classified civil service, and for other purposes', approved May 29, 1930, shall be eligible for retirement on annuity as provided in section 4 of said Act, and any employee having rendered thirty years of service may be retired as of a date requested by such employee: *Provided*, That retirement under this provision shall be at the option of the employee and nothing hereinafter contained in this Act providing for automatic retirement shall apply to the foregoing eligibles."

SEC. 2. This Act shall become effective on the 1st of the month following the passage thereof.

[H. R. 3487, 77th Cong., 1st sess.]

A BILL To amend further the Civil Service Retirement Act, approved May 29, 1930, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Civil Service Retirement Act approved May 29, 1930, as amended, is amended by striking out the whole thereof and substituting in lieu thereof the following:

"SECTION 1. (a) All officers and employees to whom this Act applies who shall have attained, or shall hereafter attain the age of seventy years and have rendered at least fifteen years of service computed as prescribed in section 5 of this Act shall be eligible for retirement on an annuity as provided in section 4 hereof.

"(b) Any officer or employee to whom this Act applies who shall have attained, or shall hereafter attain the age of sixty years and have rendered at least thirty years of service computed as prescribed in section 5 of this Act, or who shall have attained, or shall hereafter attain the age of sixty-two years and have rendered at least fifteen years of such service may, upon his own option, retire and shall be paid an annuity computed as provided in section 4 of this Act.

"(c) The head of a department or independent Government agency concerned may request the retirement of any such officer or employee described in subsection (b) of this section who, by reason of a disqualification is unable to perform satisfactorily and efficiently the duties of his position or some other position of the same grade or class as that occupied by the employee and to which he could be assigned. No such request shall be submitted to the Civil Service Commission unless and until the said officer or employee has been notified in writing of the proposed retirement. Each such officer or employee shall, upon request by him, have opportunity for a hearing before the Civil Service Commission, at which hearing the officer or employee may appear in person or he may be represented by a person of his choice. No such officer or employee shall be so retired unless the Civil Service Commission after examination finds that he is so disqualified. The determination of the Civil Service Commission as to whether the officer or employee shall be retired under this subsection shall be final and conclusive. Any person so retired shall be paid an annuity computed as provided in section 4 hereof.

"(d) Any officer or employee who has completed thirty years of service computed in accordance with the provisions of section 5 hereof and who has reached or may hereafter reach the age of fifty-five years may voluntarily retire and shall be

paid an immediate life annuity beginning on the first day of the month following the date of separation from the service having a value equal to the present worth of a deferred annuity at the age of sixty years computed as provided in section 4 of this Act.

"If none of the options provided in this section is exercised prior to the date upon which the officer or employee would otherwise be eligible for retirement from the service, the provisions of this Act with respect to automatic separation from the service shall apply."

SEC. 2. Strike out all of section 2 of the Act of May 29, 1930, as amended, and insert in lieu thereof the following:

"(a) Except as provided in section 204 of the Act of June 30, 1932 (47 Stat. 404), and (50 Stat. 512) section 3 of the Act of July 13, 1937, all officers or employees to whom this Act applies shall, on the last day of the month in which they attain retirement age as defined in the preceding section; and having rendered at least fifteen years of service, be automatically separated from the service, and all salary, pay, or compensation shall cease from that date, and it shall be the duty of the head of each department, branch, or independent office of the Government concerned to notify each such employee under his direction of the date of his separation from the service at least sixty days in advance thereof: *Provided, however,* That no provision of this or any other Act relating to automatic separation from the service shall have any application whatever to any elective officer.

"(b) No person separated from the service who is receiving an annuity under the provisions of section 1 of this Act shall be eligible again to appointment to any appointive office, position, or employment under the United States or of the government of the District of Columbia."

SEC. 3. That section 3 of the Act of May 29, 1930, as amended, is amended by striking out all thereof and inserting in lieu thereof the following:

"(a) This Act shall apply to all officers or employees in or under the executive, judicial, and legislative branches of the United States Government, all elective or appointive officers in or under the said branches, and to all officers and employees of the municipal government of the District of Columbia: *Provided, however,* That this Act shall not apply to any such officer or employee of the United States or of the municipal government of the District of Columbia subject to another retirement system for such officers and employees of the said governments, nor to any elective officer until such officer gives notice in writing to the Civil Service Commission of his or her desire to come within the purview of this Act. Said notice must be given in the case of any such person in the legislative branch of the Government on the effective date of this Act, within six months from such effective date, and in the case of any such person elected and serving after the effective date of this Act, within six months from the taking of the oath of office.

"(b) The President shall have power, in his discretion, to exclude from the operation of this Act any officer or employee or group of officers or employees in the service whose tenure of office or employment is intermittent or of uncertain duration."

SEC. 4. Section 7 of the said Act of May 29, 1930, as amended, is hereby repealed, and in lieu thereof the following is substituted:

"(a) Should any officer or employee to whom this Act applies, after having served for a total period of not less than five years and before becoming eligible for retirement become separated from the service, such officer or employee shall be paid a deferred annuity beginning at the age of sixty-two years, computed as provided in clauses (1) and (2) of section 4 (a) of this Act: *Provided,* That any such person involuntarily separated from the service not by removal for cause on charges of misconduct or delinquency may elect to receive an immediate annuity beginning at the age of fifty-five or at the date of separation from the service if subsequent to that age having a value equal to the present worth of a deferred annuity beginning at the age of sixty-two years, or at age of separation if subsequent to age sixty-two, computed as provided in section 4 of this Act.

"(b) Should an annuitant under the provisions of this section be reemployed in a position included in the provisions of this Act, the annuity and any right to an immediate or deferred annuity as provided herein shall cease as of the date of such employment. If such annuitant is reemployed in any position in the service of the United States or the District of Columbia, not within the provisions of this Act, annuity payments shall be discontinued during the period of such employment, and resumed in the same amount upon termination of such employment.

"(c) Interest shall be allowed on the amount credited to such separated officer's or employee's individual account in the retirement fund at 3 per centum compounded on June 30 of each year until the beginning date of annuity."

SEC. 5. That in section 9 of the Act of May 29, 1930, as amended, after the words "and also 3½ per centum of the basic salary, pay, or compensation for services rendered from and after July 1, 1926" insert the following: "and prior to June 30, 1941, and also 5 per centum of such basic pay, salary, or compensation for services rendered on and after July 1, 1941".

SEC. 6. Add to the first sentence of section 10 of the Act of May 29, 1930, as amended, the following: "Provided, That after June 30, 1941, there shall be deducted and withheld from the basic salary, pay, or compensation of any officer or employee to whom this Act applies a sum equal to 5 percentum of such officer's or employee's basic salary, pay, or compensation".

SEC. 7. Strike out paragraph (b) of section 12 of the Act of May 29, 1930, as amended, and insert in lieu thereof the following:

"In the case of any officer or employee to whom this Act applies who shall be transferred to a position not within the purview of this Act, or who shall become absolutely separated from the service before he shall have completed an aggregate of five years of service computed in accordance with section 5 of this Act, the amount of deductions from his basic salary, pay, or compensation credited to his individual account, together with interest at 4 per centum compounded on June 30 of each year shall be returned to such officer or employee: *Provided*, That when an officer or employee becomes involuntarily separated from the service, not by removal for cause on charges of misconduct or delinquency before completing five years of creditable service the total amount of deductions from his basic salary, pay, or compensation with interest at 4 per centum compounded on June 30 of each year shall be returned to such officer or employee: *Provided further*, That all deductions from basic salary, pay, or compensation so returned to an officer or employee must, upon reinstatement, retransfer, or reappointment to a position coming within the purview of this Act be redeposited with interest at 4 per centum compounded on June 30 of each year before such officer or employee may derive any benefits under this Act, except as provided in this section, but interest shall not be required covering any period of separation from the service."

SEC. 8. Nothing in this Act shall be so construed as to affect any rights of persons separated prior to the effective date of this Act, but all such rights shall continue and may be enforced in the same manner as though this Act had not been made.

SEC. 9. This Act shall take effect July 1, 1941.

[H. R. 3692, 77th Cong., 1st sess.]

A BILL To provide that credit under the Civil Service Retirement Act of May 29, 1930, as amended, shall be allowed for certain service in the Philippine Islands

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in the administration of the Civil Service Retirement Act, approved May 29, 1930, as amended, service performed by a citizen of the United States under the government of the Philippine Islands between October 16, 1916, and November 15, 1939, shall be held and considered to be service performed overseas under authority of the United States, within the meaning of section 5 of such Act: *Provided*, That the person performing such service (1) was transferred from such service to the classified service of the United States, and (2) is not entitled to receive any pension or annuity from the Philippine Government on account of such service.

[H. R. 3926, 77th Cong., 1st sess.]

A BILL To provide retirement annuities for certain former rural letter carriers

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That all former rural letter carriers who, before the effective date of the Act entitled "An Act for the retirement of employees in the classified civil service, and for other purposes", approved May 22, 1920, became separated from the service after rendering not less than five years of service as rural letter carriers shall be eligible for retirement annuities upon the date of enactment of this Act or upon attaining the age of sixty-five years, whichever date is the later.

SEC. 2. Any former rural letter carrier eligible for a retirement annuity under the provisions of section 1 who—

(a) Has rendered five years or more of service as a rural letter carrier but less than ten years, shall receive an annuity of \$360;

- (b) Has rendered ten years or more of service as a rural letter carrier but less than twenty years, shall receive an annuity of \$540;
- (c) Has rendered twenty years or more of service as a rural letter carrier but less than thirty years, shall receive an annuity of \$720; or
- (d) Has rendered thirty years or more of service as a rural letter carrier shall receive an annuity of \$1,080.

SEC. 3. The Civil Service Commission shall administer the provisions of this Act, and shall make and publish rules and regulations for the administration of this Act.

THE CHAIRMAN. There are two proposed amendments I am considering in connection with H. R. 3487 as a result of some comments I have received. One is whether or not employees now in the service shall be permitted to withdraw their contributions if they are separated. The present language of the bill would prevent any withdrawal. Some persons object to that on the theory that when they entered this system they had at least a moral understanding that they would receive back their money when they were separated from the service. I think that is well worth considering, and the members of the committee might want to insert that proposed amendment.

The other proposed amendment about which I am thinking is one that would allow employees, if we raise the contribution to 5 percent, to purchase back time at the rate of 5 percent.

This contribution of an additional 1.5 percent would enable an annuitant to receive a larger benefit when he retires.

I would be glad to have the witnesses keep that in mind. I do not know what members of the committee want to do about this proposal, but we shall at least consider those two questions.

MR. STINSON. With reference to purchasing back time, does that mean one would contribute an additional 1.5 percent and also pay interest?

THE CHAIRMAN. I have not thought about that. Perhaps we would make it optional. The question would be put up to the beneficiaries. If they wanted to pay interest, that would add that much to the annuity. There would not be anything mandatory. Some employees in the higher-paid groups are complaining that they do not get enough annuity. When they might want to build up the annuity they could do it in that way.

MR. STINSON. We must consider the \$900 limitation.

THE CHAIRMAN. The Government, of course, meets the contributions of the employees. The higher-paid group serving 30 years or more would buy more than \$900.

STATEMENT OF HON. HARRY B. MITCHELL, PRESIDENT OF THE UNITED STATES CIVIL SERVICE COMMISSION

THE CHAIRMAN. Members of the committee have been reminded of this meeting and some of them are on their way here. The committee will please come to order.

It is hoped that everybody will be as quiet as possible inasmuch as the acoustics of this room are not any too good.

The meeting has been called to start hearings on H. R. 3487 and other bills pertaining to civil-service retirement; and, in accordance with the notices issued, the committee will hear from only one representative of each national organization. Anybody else who desires to

make a statement will have to file it with the committee and the committee will determine whether or not it shall be made part of the record.

As you will recall, the committee had thorough hearings in connection with this subject two years ago; and it has not been thought wise to take up time by hearing those representing local organizations who do not necessarily represent anybody but themselves.

The first witness this morning is Mr. Harry B. Mitchell, president of the United States Civil Service Commission.

MR. MITCHELL. Mr. Chairman and members of the committee, first I shall read the letter the Commission wrote to the chairman in reply to his communication of February 11, 1941, requesting the comments of the Commission on H. R. 3487. It says:

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., June 3, 1941.

Hon. ROBERT RAMSPECK,

Chairman, Committee on the Civil Service,

House of Representatives.

DEAR MR. RAMSPECK: Further reference is made to your communication of February 21, 1941, requesting the comments of the Commission on bill H. R. 3487.

The Commission has now received advices from the Board of Actuaries on the estimated cost to the Government of the proposal as well as the cost of certain amendments to the bill suggested by you. Photostatic copies of the estimates are enclosed.

Under the existing act retirement is compulsory at age 62, 65, or 70, depending upon the group in which employed, after completion of at least 15 years of service, and an employee who has rendered 30 or more years of service may retire at his option 2 years prior to attaining the regular retirement age for his group. Section 1 of the bill eliminates the compulsory retirement ages of 62 and 65, making 70 the automatic separation age for all employees after at least 15 years of service. The provision for automatic separation at age 70 would not apply to elective officers nor to employees of the legislative and judicial branches of the Government. This section would further permit optional retirement either on the part of the employee or of the Government at age 60 after 30 years of service, or age 62 after 15 years of service. Provision is made for the right of appeal by the employee to the Civil Service Commission when a department exercises the option, the action of said Commission to be final as regards the retirement of any such employee. The bill further permits an employee upon attaining age 55 and who has rendered 30 years of service to retire at his own option on a reduced annuity having a value equal to the present worth of a deferred annuity at the age of 60 years.

The Commission strongly feels and has recommended to Congress on several occasions that in the interest of efficiency and good administration legislation should be enacted permitting all employees under the civil-service retirement law to remain in the service until they have reached their seventieth birthday, thereby eliminating the present automatic separation ages of 62 and 65 years. At the same time the Commission has also recommended the lowering of the optional retirement age as proposed by this bill, as well as the provision for a reduced annuity for employees with 30 years of service between the ages of 55 and 60.

In connection with optional retirement at age 55 with reduced annuity, the Commission wishes to observe that while the cost thereof would be nominal, consideration must also be given to the intangible cost due to the loss to the Government of experienced personnel. This intangible cost would undoubtedly be minimized if approval be given to the recommended amendment on page 5 of this letter guaranteeing 50 percent of average salary as annuity for the highest 5 consecutive years of service after 35 years of service. While present employment conditions in industry might attract employees 55 years of age who would be eligible to exercise the option to retire, the allowance of greater annuity benefit upon completion of 35 years of service would, it is believed, induce the great majority of such eligibles to remain in the service, since there is no assurance that the present emergency conditions in industry will continue.

As has been repeatedly said, superannuation is not a question of age alone. Many employees of advanced years are capable of rendering efficient service, and their past experience makes them most valuable to the Government. Thus the

extension of the retirement age in these cases is in the interest of the Government and to the benefit of the employee in that the added service will eventually increase his rate of annuity. Experience has demonstrated that employees in good physical condition are generally loath to end their employment, but desire to continue so long as they are able to render efficient service.

The present law applies to employees in the classified service and those specifically mentioned in section 3. Under the bill retirement would apply to all officers and employees in or under the executive, legislative, and judicial branches of the Federal Government and of the government of the District of Columbia not subject to another retirement system, including elective officers. Such elective officers would not, however, be subject to the terms of the retirement act unless they gave notice of their desire to become so subject within 6 months from the effective date of the proposed legislation or 6 months from the taking of oath of office.

The Commission believes that the benefits of the retirement law should be extended to all officers and employees of the Federal Government not now subject to any other Federal retirement system. Both employer and employee are benefited by extending retirement security to all employees, and under recent legislation, viz, the Rainspeck Act (Publie, No. 880, 76th Cong.) and the Executive order issued in pursuance thereof, a majority of employees now without the benefit of retirement would be accorded a retirement status through the placing of their positions in the classified civil service and of their qualifying under the Civil Service Act and rules. Numerous employees not now in the classified civil service have already been accorded a retirement status by law or Executive order, and no reason is apparent why such coverage should not be extended to all other Federal officers and employees at present without retirement security even though not within the purview of the Civil Service Act and rules. In commenting on a similar extension of retirement coverage proposed in H. R. 2852, the Commission on March 7, 1941, recommended favorable action. It was observed then that appointive officers and employees of the legislative and judicial branches were by the act of July 13, 1937, accorded the option of securing retirement benefits under the Civil Service Retirement Act.

Section 4 of the bill amends section 7 of the present law which provides for the payment of annuities only to employees 45 years of age or over with at least 15 years of service who are involuntarily separated not due to misconduct or delinquency. Under the bill all persons separated from the service who complete an aggregate of 5 years' of service would be eligible to an annuity upon attaining the age of 62 years, but if any such employee is involuntarily separated not on charges of misconduct or delinquency he would be granted the right to elect to receive an annuity beginning at the age of 55 years or at the date of separation if subsequent to that age having a value equal to the present worth of a deferred annuity at the age of 62. Interest at 3 percent compounded annually would be allowed on the amount credited to each member's individual retirement account from the date of separation to the date the annuity commences.

Under the present act no interest is allowed on deposits left in the fund subsequent to the date of separation.

The Commission is convinced that title to annuity should vest in those persons having rendered at least 5 years of service regardless of the cause of separation whether voluntary or involuntary. Such old-age benefit is desirable as tending to provide for the prospective interests of officers and employees covering their entire working career.

Section 7 of the bill would permit a refund of employee's contributions only in case of transfer to a position not within the purview of the act, or absolute separation before completing 5 years of service.

The present act provides for deduction of 3½ percent of the employee's basic salary; the bill would increase this deduction to 5 percent. If provision is made for earlier retirement and increased benefits to the employee the Commission is in accord with the proposal of increased contributions by the employee up to 5 percent of basic salary, and it has on previous occasions concurred in such proposal.

The Commission believes that the principle of section 4 of the bill for the vesting of old-age benefits after 5 years of service is absolutely sound. However, as a right of refund upon separation prior to becoming eligible to annuity exists under the present law regardless of length of service and as those now subject to the act came within its provisions when the right of refund existed, it is believed that present members of the fund should be permitted to have refunds of their contributions for all service prior to the effective date of the bill, or be permitted to

leave their contributions in the fund to accumulate at interest with which to purchase an annuity at age 62. This could be accomplished by an amendment to the bill, as follows:

On page 6 after the word "act," on line 10, strike out the period and insert a colon and add the following sentence after the colon:

"Provided further, That nothing in this Act shall be so construed as to prohibit the refund of deductions, deposits, or redeposits made prior to the effective date of this Act: *And provided further,* That all moneys so refunded an officer or employee must be redeposited with interest before such officer or employee may derive any annuity benefits based on the service covered by the refund."

The Commission feels that there is a need for a more equitable recognition of long and faithful service of the employees in the higher salaried groups and that the retirement annuities should be more nearly proportionate to their active service salary. The economic shock caused by the wide difference between their retirement annuity and the salary to which they have been accustomed causes many employees to make every effort to continue on duty even after they find they can no longer maintain an efficient output of work.

Under the present law employees in salary groups up to \$1,600 per annum who have rendered 30 years of service are granted annuities equal to 75 percent of their basic salaries, while employees in salary group from \$1,600 to \$2,400 per annum with 30 years of service may receive annuities up to 50 percent or more of their salaries. The percentage rate of annuities to salaries in the higher grades is as low and sometimes lower than 20 percent of salary.

The Foreign Service retirement system provides that retiring employees with 30 years of service may receive an annuity equal to 60 percent of active service pay.

In discussing this phase of the matter with the Chief of the Retirement Division, you asked what would be the effect on retirement and the cost to the Government if the bill were amended as to permit employees to increase their individual accounts so as to enable them to purchase larger annuities by depositing an additional 2½ percent of basic salary for the period from August 1, 1920, to June 30, 1926, and an additional 1½ percent from July 1, 1926, to the effective date of H. R. 3487, if enacted. Such an amendment would undoubtedly be advantageous to most employees as the increased annuity purchased with the additional amounts credited to their individual account would result in larger annuities to them and in some cases would increase the Government's cost by bringing into effect the matching provision of the act of August 4, 1939. Cost estimates on such proposal are discussed later.

A more equitable provision and less costly than that suggested of additional contributions of 2½ percent and 1½ percent of salary and which would be of wider application would be to amend H. R. 3487 in the following manner:

On page 5, between lines 17 and 18, insert the following as section 4 and renumber the subsequent sections of the bill:

"SEC. 4. Section 4 (b) of the Act of May 29, 1936, as amended by the Act of August 4, 1939, is amended by striking out the period at the end of section 4 (b) and inserting in lieu thereof a semicolon, and by adding the following sentence after the semicolon:

"Nor shall such total annuity paid be less than an amount equal to the average annual basic salary, pay, or compensation received by the employee during any five consecutive years of allowable service at the option of the employee, multiplied by the number of years of service, not exceeding thirty-five years, and divided by seventy."

The Commission has previously recommended legislation of this character, and the Reed committee in its recent report to the President recommended a similar benefit in a slightly different degree.

Under the terms of section 2 of the bill any person retired optionally or on account of age would be prohibited from reemployment in any appointive office or position under the Government of the United States or the District of Columbia.

The act of June 28, 1940, enacted as part of the defense program, permits the reemployment in the War and Navy Departments of persons retired under the Civil Service Retirement Act even though beyond retirement age. Proposal is now before Congress to extend this privilege to employments in the Federal Bureau of Investigation, and it is believed that further extensions to other agencies will be proposed. In view of the present emergency, it is believed that such pro-

vision should be continued. Section 2 should, therefore, be amended by the insertion of the following clause at the beginning of paragraph b of section 2, line 12, page 4: "Except as may now or may hereafter be provided by law."

According to the report of the Board of Actuaries, enclosed herewith, the estimated annual cost to the Government of the bill as introduced (on the basis of the pay roll of covered employees as of June 30, 1939), is \$14,544,977.

The report of the Board of April 21, 1941, indicates the difficulty of estimating the reduction in cost, if the Commission's recommendations be approved, for the return of employee contributions up to the effective date of the new enactment. If 10 percent of separated employees take advantage of the provision for refunds, there would be a saving of \$597,418 per annum, but if 20 percent of such employees take the refund, there would be a saving of \$1,194,836. The Commission's experience leads it to the very definite conclusion that there would probably be 20 percent of employees who take advantage of the refund rather than 10 percent.

The Board of Actuaries estimate that if the provision be adopted granting an option to employees to increase their contributions by $2\frac{1}{2}$ percent of salary for service between 1920 and 1926, and $1\frac{1}{2}$ percent of salary from 1926 to the effective date of the new legislation, it would increase the Government's cost from \$500,000 to \$1,500,000. This provision would benefit mostly the employees in the highest salaried brackets, due to the matching provision of the law of August 4, 1939. On the other hand, if the bill were amended by adding the guaranteed minimum of not exceeding thirty-five seventieths as proposed above, the Board of Actuaries estimates that the cost would be about \$715,000 per annum. This particular guarantee would not affect very many employees as the majority of annuitants now receive at least 50 percent of their salaries as annuities after 30 years' service, whereas, the proposal of thirty-five seventieths would not guarantee 50 percent of salary until after at least 35 years' service.

The Commission recommends that the bill be amended in three respects, as follows:

1. Permitting reemployment of those annuitants retired for age as provided by law.
2. Permitting refunds, if employees desire, for all service up to the effective date of the new enactment.
3. Provide for an additional guaranteed minimum of one-seventieth of salary multiplied by years of service not exceeding 35 for all annuitants.

On the basis of the above recommendations, the cost is estimated to be as follows:

H. R. 3487 without amendment	\$14, 544, 977
Reduction if 20 percent take advantage of refunds	1, 194, 836
Balanc...	13, 350, 141
Estimated increase by providing for additional guaranteed minimum	715, 000
Total	14, 065, 141

With the amendments as herein proposed, the Commission recommends favorable action on this bill. In this connection the Commission notes that the above proposals do not depart in principle from the recommendations in the report of the President's Committee on Civil Service Improvement, of which Mr. Justice Stanley Reed was chairman.

The Commission has not been advised by the Bureau of the Budget as to the relationship of this legislation to the program of the President. When such advices are received, they will be transmitted to your committee.

With kind regards, I am
Very sincerely yours,

HARRY B. MITCHELL, *President*

Enclosure No. 138264.

MEMORANDUM REGARDING THE COST OF AMENDING THE CIVIL SERVICE RETIREMENT AND DISABILITY ACT IN ACCORDANCE WITH H. R. 3487, SEVENTY-SEVENTH CONGRESS, FIRST SESSION

NEW YORK CITY, April 21, 1941.

Mr. LEWIS H. FISHER,

Chief, Retirement Division, United States Civil Service Commission,
Washington, D. C.

DEAR MR. FISHER: In your letter of April 9, you have requested the Board to supply estimates of the change in cost which would result if bill H. R. 3487 were modified in the two following respects:

"First. On page 6 after the word 'Act', on line 10, strike out the period and insert a colon and add the following sentence after the colon:

"Provided further, That nothing in this Act shall be so construed as to prohibit the refund of deductions, deposits, or redeposits made prior to the effective date of this Act: And provided further, That all monies so returned to an officer or employee must be redeposited with interest before such officer or employee may derive any annuity benefits based on the service covered by the refund.

"Second. On page 7, line 6, after the words 'July 1, 1941' strike out the period and substitute therefor a comma and add the following: and after the words 'separated from the service' insert the following:

"Provided, That each officer or employee subject to the provisions of this Act may, if he so desires, and under regulations approved by the Civil Service Commission, deposit an additional 2½ per centum of his basic salary, pay, or compensation for any service rendered between August 1, 1920, and June 30, 1926, and an additional 1½ per centum of such basic salary, pay, or compensation for services rendered between July 1, 1926, and June 30, 1941."

Our understanding of the first amendment is that upon separation from service any member of the fund may withdraw his contributions made prior to the effective date of the amendment but if he wishes to receive an annuity based on the years or service covered by the refund, he must repay the amount withdrawn with interest. Your assumption that this amendment might be expected to reduce the cost seems correct. As you point out, the reduction in cost will come about through the fact that in many instances the employees who withdraw their contributions would not restore them and therefore would lose the right to the deferred annuity. The exact saving in the cost would depend upon the number of such cases, which we have no basis for estimating. The savings between the cost of allowing a deferred annuity on account of past service and of refunding the contributions of employees on account of such service may be estimated as equivalent to a very small percentage of their pay roll. If 10 percent of those who separate from service withdraw their contributions and do not restore them, I should not expect the savings to the Government to be more than 0.05 percent of the pay roll of present employees or not more than \$597,418 per annum at the outset. If 20 percent take the refund, there would be double this savings, etc. These figures give you some idea of the potential savings from this proposal.

In regard to the second amendment, there may be a number of employees who would increase their annuities and by so doing cause larger annuities to be provided by the Government under the provision that the Government annuity shall be at least equal to the employee's annuity. Employees affected by this minimum would have the opportunity to increase their allowances materially under this provision. An estimate of cost is difficult to prepare because of the many factors involved, including the determination of the proportion of employees who would be in position to take advantage of such a privilege. Rather crude estimates indicate a figure varying from \$500,000 to \$1,500,000 per annum at the outset as the possible cost to the Government of this proposed change.

Respectfully submitted,

GEORGE B. BUCK,

R. R. REAGH,

JOHN S. THOMPSON,

Board of Actuaries, Civil Service Retirement and Disability Fund.

NEW YORK CITY, April 17, 1941.

Mr. LEWIS H. FISHER,
Chief, Retirement Division,
United States Civil Service Commission,
Washington, D. C.

DEAR MR. FISHER: In studying the information you ask for in your letter of April 9, I found that we had already made an estimate of the cost you request and that in the fourth paragraph of my letter of March 21, I wrote you as follows:

"Regarding the increased cost of the bill if the Bulow amendment providing a minimum allowance of 1/70 of final average salary per each year of service up to 35 years, is added, we estimate that this amendment might be expected to increase the total cost of the bill approximately .06 percent of pay roll, which on the basis of the 1939 pay roll would be about \$715,000 per annum."

With kind regards, I am
 Sincerely yours,

GEO. B. BUCK, *Actuary.*

NEW YORK CITY, March 21, 1941.

Hon. HARRY B. MITCHELL,
President, United States Civil Service Commission,
Washington, D. C.

DEAR SIR: In accordance with your request, the Board of Actuaries has prepared an estimate of the cost of amending the Civil Service Retirement and Disability Act in accordance with H. R. 3487, introduced by Mr. Ramspeck.

Attention is called to the fact that the Board of Actuaries has been unable to make a detailed valuation of the proposed plan so that the figures have been based on approximations. The estimates have been based on the mortality and service tables heretofore used by the Board, so that the cost figures do not show the increased cost due to the adoption of new mortality tables by the Commission early last year.

Respectfully submitted.

GEO. B. BUCK,
 R. R. REAGH,
 JOHN S. THOMPSON,
Board of Actuaries, Civil Service Retirement and Disability Fund.

MEMORANDUM REGARDING THE COST OF AMENDING THE CIVIL-SERVICE RETIREMENT AND DISABILITY ACT IN ACCORDANCE WITH H. R. 3487, SEVENTY-SEVENTH CONGRESS, FIRST SESSION

This memorandum gives an estimate of the cost of the civil-service retirement and disability fund if amended in accordance with H. R. 3487, Seventy-seventh Congress, first session.

The cost of the existing plan as well as the cost of the proposed plan is shown in the memorandum so that the increase which would result from the adoption of the proposed plan may be noted by comparing the costs of the two plans. The pay roll as of June 30, 1939, has been used as a basis for the cost figures.

It should be noted that the figures in this memorandum are based on approximations and not on the results of a detailed valuation. However, the Board believes that the approximations used furnish a fair basis for judging the relative cost of the plan proposed in the bill as compared with the cost of the existing plan. The same basic tables were used as in determining the cost of the existing plan.

SUMMARY OF PROPOSED PLAN

The following summary gives a comparison of the main provisions of the existing plan and the proposed plan, as interpreted in preparing the estimate of cost.

Comparison of the benefit and contribution provisions of the existing act with the corresponding provisions of H. R. 3487, 77th Cong. 1st sess.

Provisions	Existing act	H. R. 3487
BENEFITS		
Service retirement: Condition for eligibility...	Compulsory at the normal retirement age after 15 years of service. At option of employee 2 years prior to the normal retirement age after 30 years of service.	Compulsory at age 70 after 15 years of service. At option of employee, or at option of Government if employee is disqualified to perform duties, at age 60 after 30 years of service or at age 62 after 15 years of service.
	Normal retirement ages are: (1) Railway postal clerks and certain others, age 62. (2) Letter carriers, post-office clerks, laborers, mechanics, and certain others, age 65. (3) General employees, age 70.	
Amount of benefit.....	\$30 for each year of service not in excess of 30 (maximum, $\frac{3}{4}$ average annual basic salary ¹ ; minimum, annuity from employee's credited contributions) plus annuity from employee's credited contributions. Minimum total benefit of $\frac{1}{40}$ of average annual basic salary, not in excess of \$1,600, for each year of service not in excess of 30.	At option of employee at age 55 after 30 years of service on immediate annuity actuarially equivalent to his regular annuity deferred to age 60. \$30 for each year of service not in excess of 30 (maximum, $\frac{3}{4}$ average annual basic salary ¹ ; minimum, annuity from employee's credited contributions) plus annuity from employee's credited contributions. Minimum total benefit of $\frac{1}{40}$ of average annual basic salary, not in excess of \$1,600, for each year of service not in excess of 30.
Optional benefits.....	At the time of service retirement, the employee may elect to receive one of the following equivalent benefits in lieu of his regular benefit: I. Increased life annuity providing no return of unused principal at death; II. Reduced retirement allowance with the provision that at the death of the employee pensioner the amount of his allowance shall be continued throughout the life of such other person as he shall have designated at the time of his retirement; III. Reduced retirement allowance with the provision that at the death of the employee pensioner one-half of the amount of his allowance shall be continued throughout the life of such other person as he shall have designated at the time of his retirement.	At the time of service retirement, the employee may elect to receive one of the following equivalent benefits in lieu of his regular benefits: I. Increased life annuity providing no return of unused principal at death; II. Reduced retirement allowance with the provision that at the death of the employee pensioner the amount of his allowance shall be continued throughout the life of such other person as he shall have designated at the time of his retirement; III. Reduced retirement allowance with the provision that at the death of the employee pensioner one-half of the amount of his allowance shall be continued throughout the life of such other person as he shall have designated at the time of his retirement.
Disability retirement: Condition for allowance.....	Disability after 5 years of service..... Determined by same method as used in service retirement.	Disability after 5 years of service..... Determined by same method as used in service retirement.
Amount of benefit.....	At the time of disability retirement, the employee may elect to receive in lieu of his regular benefit, an increased annuity of equivalent value providing no return of unused principal at death.	At the time of disability retirement, the employee may elect to receive in lieu of his regular benefit, an increased annuity of equivalent value providing no return of unused principal at death.
Discontinued service retirement: Condition for eligibility.....	Loss of position not due to misconduct or delinquency after 15 years of service and attainment of age 45.	Separation from service after 5 years of service.
Amount of benefit.....	(a) Amount of total contributions with 4 percent interest; or	(a) A deferred annuity beginning at age 62 equal to \$30 for each year of service not exceeding 30 (maximum $\frac{3}{4}$ average annual basic salary; minimum, annuity from employees' credit contributions) plus deferred annuity beginning at age 62 from employees' credited contributions with 3 percent interest between date of separation and commencement of annuity.

¹ "Average annual basic salary" is used to denote the average annual basic salary received by the employee during any 5 consecutive years of allowable service at the option of the employee.

Comparison of the benefit and contribution provisions of the existing act with the corresponding provisions of H. R. 3487, 77th Cong. 1st sess.—Continued

Provisions	Existing act	H. R. 3487
BENEFITS—continue 1		
Discontinued service retirement—Continued.		
Amount of benefit—Con.	(b) A deferred annuity beginning at the normal retirement age based on service to date and computed by same method as used in service retirement; or	(b) An annuity beginning any time after age 55 actuarially equivalent to a deferred annuity beginning at age 62, based on service to date of separation and computed by method used for service retirement, if separation is involuntary and not due to misconduct or delinquency.
Separation from active service prior to retirement.	(c) An annuity beginning any time after age 55 actuarially equivalent to (b). Return of credited contributions with 4 percent interest is made upon voluntary separation or upon involuntary separation from service because of misconduct or delinquency.	Return of credited contributions with 4 percent interest is made upon voluntary separation from service before 5 years of service or upon involuntary separation from service before 5 years of service because of misconduct or delinquency.
Death before retirement.	Return of total contributions with 4 percent interest.	Return of total contributions with 4 percent interest is made upon involuntary separation from service before 5 years of service not due to misconduct or delinquency.
Death after retirement.	Balance of credited contributions with 4 percent interest to date of retirement over the annuity payments from employee's contributions made to date of death is paid to the estate, unless an optional benefit has been chosen.	Return of total regular contributions with 4 percent interest. Balance of credited contributions with 4 percent interest to date of retirement over the annuity payments made to date of death is paid to the estate unless an optional benefit has been chosen.
Benefits to those already retired.	Benefits to annuitants granted prior to adoption of this act are payable in accordance with the provisions of this act.	Benefits to annuitants granted prior to adoption of this act are not affected by this act.
CONTRIBUTIONS		
By employees.	3½ percent of salary, from which \$1 per month is deducted and balance credited to employee's account. Any employee may elect to make additional deposits in multiples of \$25 but not to exceed 10 percent per annum of his annual salary. Such contributions with 3 percent interest shall be used to provide benefits upon retirement, death, or separation from service in addition to benefits described above. Annual appropriations required in addition to employee's contributions to support the plan.	5 percent of salary, from which \$1 per month is deducted and balance credited to individual accounts. Any employee may elect to make additional deposits in multiples of \$25 but not to exceed 10 percent per annum of his annual salary. Such contributions with 3 percent interest shall be used to provide benefits upon retirement, death, or separation from service in addition to benefits described above. Annual appropriations required in addition to employee's contributions to support the plan.
By Government.		

NORMAL COST OF PROPOSED PLAN

The following table gives the normal cost of the proposed plan as compared with the normal cost of the existing plan:

TABLE 1.—*The normal cost of the various benefits allowable under the existing plan, expressed as percentages of pay roll, compared with the corresponding costs under H. R. 3487*

Group	Service benefit	Disability benefit	Discontinued service benefit	Return of contributions on withdrawal without a retirement benefit and on death	Total
EXISTING ACT					
Employees with normal retirement age 62	Percent 5.35	Percent .78	Percent .17	Percent .96	Percent 7.26
Letter carriers and postal clerks with normal retirement age 65	4.71	.98	.18	1.01	6.88
Mechanics, laborers, and other employees with normal retirement age 65	3.59	.79	.37	1.44	6.19
Employees with normal retirement age 70	2.00	.89	.34	1.67	4.90
Average	3.70	.89	.26	1.29	6.14
Payable by employees					3.50
Payable by Government					2.64
H. R. 3487					
Employees with normal retirement age 62	5.65	.81	.94	1.19	8.59
Letter carriers and postal clerks with normal retirement age 65	6.27	.84	.91	1.17	9.19
Mechanics, laborers, and other employees with normal retirement age 65	4.78	.69	2.24	1.24	8.95
Employees with normal retirement age 70	4.46	.60	2.05	1.25	8.36
Total	5.33	.73	1.49	1.21	8.76
Payable by employees					5.00
Payable by Government					3.76

ACCRUED LIABILITY UNDER PROPOSED PLAN

The following table shows the total assets and liabilities of the fund under the proposed plan as compared with the total assets and liabilities of the existing plan.

TABLE 2.—*Statement of assets and liabilities of the Civil Service retirement and disability fund under the existing act and the estimated comparative assets and liabilities of H. R. 3487 prepared as of June 30, 1935*

Plan	Total liabilities	Present and prospective assets			
		Funds in hand	Prospective contributions of		
			Employees	Government to meet—	
				Normal cost	Accrued liability
Existing act	\$2,064,576,319	\$271,729,708	\$348,732,852	\$267,306,846	\$1,176,806,913
Proposed bill H. R. 3487	2,328,814,698	271,729,708	492,950,000	374,513,462	1,189,621,528

On the basis of the uncovered accrued liability shown by table 2, the deficiency contribution required under the proposed plan has been computed and the following table gives the annual cost required to support the proposed plan. For comparative purposes the corresponding costs of the existing plan are also shown.

TABLE 3.—*Estimated annual contributions required to support the civil service retirement and disability fund under the existing act and the corresponding contributions that would be required under H. R. 3487*

Group	Normal cost as—		Deficiency cost as—		Total cost as—	
	Percent- age of pay roll	Annual amount as of June 30, 1939	Percent- age of pay roll	Annual amount as of June 30, 1939	Percent- age of pay roll	Annual amount as of June 30, 1939
EXISTING ACT						
Employees having normal retirement age 62	7.26	\$13,434,267	7.49	\$13,859,871	14.75	\$27,294,138
Letter carriers and postal clerks having normal retirement age 65	6.88	29,494,147	7.17	30,737,360	14.05	60,231,507
Mechanics, laborers, and other employees having normal retirement age 65	6.19	9,158,910	6.56	9,706,373	12.75	18,865,283
Employees having normal retirement age 70	4.90	21,223,517	3.49	15,116,342	8.39	36,339,859
Total	6.14	73,310,841	5.81	69,419,946	11.95	142,730,787
Payable by employees	3.50	41,819,225			3.50	41,819,225
Payable by Government	2.64	31,491,616	5.81	69,419,946	8.45	100,911,562
H. R. 3487						
Employees having normal retirement age 62	8.59	15,895,366	6.22	11,509,799	14.81	27,405,165
Letter carriers and postal clerks having normal retirement age 65	9.19	39,396,979	6.99	29,965,711	16.18	69,362,690
Mechanics, laborers, and other employees having normal retirement age 65	8.95	13,242,689	6.88	10,179,854	15.83	23,422,543
Employees having normal retirement age 70	8.36	36,209,919	4.34	18,797,972	12.70	55,007,891
Total	8.77	104,744,953	5.90	70,453,336	14.67	175,198,289
Payable by employees	5.00	59,741,750			5.00	59,741,750
Payable by Government	3.77	45,003,203	5.90	70,453,336	9.67	115,456,539

Mr. BECKWORTH. As I remember, the figures you quoted were as of June 30, 1939.

Mr. MITCHELL. Yes; that is right.

Mr. BECKWORTH. Why do you cling to those figures which are inapplicable as of today, because the number of employees under the civil service has increased very much since June 1939. This is June 1941, 2 years later than June 1939. Have we not many more employees of the Government under civil service than we had on June 30, 1939?

Mr. MITCHELL. Yes; many more.

Mr. BECKWORTH. Do you, therefore, believe that the \$14,000,000 estimate mentioned is applicable as of today?

Mr. MITCHELL. No; it would be greater than that today.

Mr. BECKWORTH. Why not submit an estimate of the cost as of today, June 1941? We are considering things currently rather than things of 2 years ago.

Mr. MITCHELL. Perhaps Mr. Talbot can answer your questions.

Mr. JOHN A. TALBOT (Chief of the Legal Section of the Retirement Division, United States Civil Service Commission). The 1939 figure

is the latest one available to the Board of Actuaries, as there has been no evaluation of the fund since that date.

Mr. BECKWORTH. What is your idea? Will there be an increase over the amount stated by Mr. Mitchell?

Mr. TALBOT. Yes; there will be an increase over that amount.

Mr. BECKWORTH. How many more employees have we than we had in June 1939? I do not get the idea of putting this figure back 2 years. You could just as well put it back 4 or 5 years.

Mr. TALBOT. The percentage shown by the Board's report will apply to any year's figure you may take.

Mr. BECKWORTH. Do you not think that we are more interested in actual costs than imaginary costs?

Mr. TALBOT. Yes; I should think so.

Mr. BECKWORTH. I would like to have an estimate of cost as of today.

Mr. REES. In discussing figures for June 1939, you have been quite precise, carrying them out to exact dollars and cents, and with all the actuaries you have I think you should be able to give us a rather accurate figure as of today. Can you not tell us what this proposal would cost with all the employees who have come under the Ramspeck Act since June 1939?

Mr. MITCHELL. You say "with all the actuaries you have." We have only one actuary employed by the Commission. The members of the Board of Actuaries are not employees of the Commission. One member of the Board of Actuaries, the one who does the work on these estimates, has a contract with the Commission to do such work as this and gets \$2,400 per year. Another gets \$600 per year. The other is the Government actuary and is paid by the Treasury Department.

Mr. REES. Can it not proceed to bring those figures down to date and include in them all those who have come under civil service under the Ramspeck Act, thus showing us what the cost of this proposal would be?

Mr. MITCHELL. On December 30, 1940, there were 821,000 Government employees under the civil-service law. Presumably nearly all of those were under the retirement act. There were others also under the retirement law. That figure would be approximately correct for the number under the retirement system on December 30, 1940.

Mr. BECKWORTH. How many civil-service employees has the Government now?

Mr. MITCHELL. The figure has probably increased, and by January 1, 1942, it will further increase, and also include those who are to come in under the Ramspeck Act, in the neighborhood of 1,000,000 employees.

Mr. BECKWORTH. How many civil-service employees did the Government have June 30, 1939?

Mr. MITCHELL. About 600,000.

Mr. REES. The Government had 600,000 civil-service employees, June 30, 1939?

Mr. MITCHELL. I think that is correct.

Mr. REES. Has the expense increased proportionately? You have given a figure of \$14,000,000 for June 1939, and we have increased the number of Government employees under civil service from 600,000

to 1,000,000 between June 30, 1939, and the present time. Has the expense increased proportionately?

Mr. MITCHELL. Not quite that much; but it has almost increased to that extent.

Mr. REES. Then instead of using the figure \$14,900,000 we should use the figure \$20,000,000 or thereabouts, should we not?

The CHAIRMAN. I think the Commission should require the Board of Actuaries to give us an estimate of what the increased would be on account of the increased coverage.

Mr. BECKWORTH. Yes. Anything short of that would not be a comprehensive, thorough figure.

The CHAIRMAN. I think the questions by Mr. Beckworth and Mr. Rees are pertinent. I think we should have that information from the Commission. I will ask the Commission to have the actuaries furnish an estimate of the increased cost due to the increased coverage.

Mr. REES. I did not quite follow you, Mr. Mitchell, when you mentioned one-seventieth.

Mr. MITCHELL. The Commission recommends that the bill be amended in three respects and one of them is to provide for an additional guaranteed minimum of one-seventieth of salary multiplied by years of service not exceeding 35 for all annuitants. The Government's portion of the annuity is now based on 30 years; and this proposed amendment would in a limited number of cases of those who have served 35 years result in more than \$900 a year from the Government.

Mr. REES. And you gave a formula as to how that would function?

Mr. MITCHELL. Yes.

The CHAIRMAN. That would add \$150 to the Government's annual payment when the employees are retired. In other words, there would be 5 more years at \$30 a year; is that correct, Mr. Mitchell?

Mr. MITCHELL. I think it would vary in the high salaries.

The CHAIRMAN. Perhaps that question should be answered by Mr. Fisher, who is to be heard.

Mr. MOSER. At what age do you think a person in the classified civil service should be retired, everything being normal?

Mr. MITCHELL. That is a matter of opinion. The Social Security Act has placed that age at 65 years. I presume that was the opinion of the Congress.

Mr. MOSER. Do you think that one who enters the Government service at 18 years of age should be required to continue in that service if he is to receive retirement benefits until he is 65 years of age?

Mr. MITCHELL. This bill only requires one to work until he is 60 years of age if he wants to retire then. The Commission has approved that.

Mr. MOSER. The Commission approves optional retirement at 60 years of age?

Mr. MITCHELL. Yes.

Mr. MOSER. What is your judgment as to retirement on account of disability?

Mr. MITCHELL. That may be effective any time after one shall have served 5 years under present law. No change is provided under this proposal.

Mr. MOSER. Is not 5 years' service a low average under the present law?

MR. MITCHELL. It may be, but if one is disabled, the Government has to take care of him.

MR. MOSER. If he be disabled in line of duty, yes; but if he be disabled otherwise, why should the Government take care of him?

MR. MITCHELL. Congress so decided in the original retirement act.

MR. MOSER. There is no question but that the Congress is going to be faced with some real responsibilities in this connection, and if Congress made an error it is up to Congress to correct it, I say. I do not think that one who has served only 5 years should be a burden upon the Government when incapacitated unless that incapacity be an incident of service.

MR. MITCHELL. The present trend of social-security legislation, the prevailing drift, seems to be to take care of those who are incapacitated for any reason.

MR. MOSER. Experience teaches us that in connection with our social-security legislation there is vast room for improvement. We have made some mistakes in connection with it. We have one element of conflict under railroad retirement and an element of conflict in the retirement of different classes in the civil service. There is a clash there; and somebody shall have to arrive at a proper median. I thought I would at this time like to ask your opinion as to those matters.

MR. MITCHELL. I favor taking care of those who are incapacitated wherever they may be.

(The letter from the Treasury referred to is as follows:)

COPY OF REPORT OF TREASURY DEPARTMENT TO DIRECTOR OF THE BUDGET ON
H. R. 3487

The DIRECTOR, BUREAU OF THE BUDGET.

SIR: Reference is made to the letter of May 17, 1941, to the Secretary of the Treasury from the Assistant Director, Legislative Reference, requesting the views of this Department on H. R. 3487, a bill "To amend further the Civil Service Retirement Act, approved May 29, 1930, as amended."

Section 4 of the bill would repeal section 7 of the present retirement act and substitute in lieu thereof a section which would provide immediate or deferred annuity benefits to employees separated from the service after rendering 5 or more years of service. Under section 7 of the present law only employees who are involuntarily separated from the service after age 45, with 15 or more years of service, are eligible for annuity benefits.

In the opinion of this Department, the proviso beginning in line 2 of page 6 should be deleted because it seems undesirable, from a social standpoint, to allow the employee to impair his old-age annuity. In the great majority of cases the immediate annuity would be very small, less than one-half of the annuity which would be payable at age 62.

It may be argued, and logically, that employees who are involuntarily separated from the service may be in need of immediate assistance. Federal employees are not protected under the unemployment compensation laws, and therefore may be greatly in need of immediate cash when they lose their Government jobs. To take care of such cases, it is recommended that the proposed amendment to section 7 of the retirement act be revised to permit employees to withdraw their accumulated contributions and interest, on involuntary separation from the service, without forfeiting their right to that portion of their earned deferred annuity which is provided by the Government. It would be grossly unfair to permit such voluntary withdrawal of contributions under the severe penalty of forfeiting all rights to the Government portion of the annuity.

The elimination of immediate annuities under section 7, coupled with a provision for cash withdrawal benefits without forfeiting the Government portion of the employee's earned deferred annuity, would rectify an unfair and anomalous situation which exists under the present law and which would continue under this proposed bill. This anomalous situation is due to the fact that under section 7

of the present law an employee who elects an immediate annuity and is later reemployed and ultimately again retired, may receive an annuity just as large as though he had elected the deferred annuity at the time of his first separation from the service under section 7. For example, suppose that two employees, having identical service and salary records, are retired under section 7 at age 55 after 27 years of service; they are given the option of an immediate annuity of \$43 per month, or a deferred monthly annuity of \$90 beginning at age 70. One of the employees takes the immediate annuity and the other the deferred annuity; both are reemployed 10 years later and continue in service for 5 years to age 70 when they are both retired with exactly the same annuity, i. e., \$100 per month. It is obviously unfair that the employee who received the immediate annuity of \$43 per month for 10 years (\$5,160 in all) should be paid as much as the employee who thought he was being thrifty and elected the deferred annuity.

To correct this situation one or the other of the options under section 7 should be eliminated. The method suggested above would bring about a fair and equitable solution of this difficulty.

It is suggested that the interest rate of 3 percent, as proposed in paragraph (c) of section 4 of the bill, be changed to 4 percent. There seems to be no logical reason why the computation of the amount of deferred annuities under section 7 should be complicated by the introduction of an interest rate which differs from that used in all other computations involving the employee's regular contributions. The proposed 3-percent rate would result in inconsistencies in connection with the calculation of immediate annuities unless additional changes were made in the law.

Section 6 of the bill provides for an increase in the employee rate of contribution from 3½ percent to 5 percent. Although this Department favors an increase in the employee contributions, it does not believe that the rate should be increased in respect to employees in the lower salary brackets. This is because an increase in the contribution rate would automatically increase the total annuity, and even with the present 2½ percent rate, the annuity of many employees receiving less than \$1,600 per year may exceed 90 percent of average pay. If the rate were increased to 5 percent, such employees would receive annuities of more than 100 percent of their average pay.

The Treasury Department recommends an alternative amendment to section 10 of the act which would increase the rate of contribution only in respect to employees receiving salaries in excess of \$1,560 per annum. The following proposed amendment is similar to that recommended by the President's Committee on Civil Service Improvement.

"Strike out the first paragraph of section 10 of the Act of May 29, 1930, as amended, and substitute in lieu thereof the following:

'SEC. 10. Beginning as of July 1, 1941, there shall be deducted and withheld from the basic salary, pay, or compensation of each employee to whom this Act applies, a sum equal to 3½ per centum of such employee's basic salary, pay, or compensation, plus an additional 2 per centum of that part of such salary, pay, or compensation, which is in excess of \$30 in respect to a weekly pay period, or which is in excess of \$65 in respect to a semi-monthly pay period, or which is in excess of \$130 in respect to a monthly pay period, depending upon the manner in which the employee is paid. The amounts so deducted and withheld from the basic salary, pay, or compensation of each employee shall, in accordance with such procedure as may be prescribed by the Comptroller General of the United States, be deposited in the Treasury of the United States to the credit of the "civil-service retirement and disability fund" created by the Act of May 22, 1920, and said fund is hereby appropriated for the payment of annuities, refunds, and allowances as provided in this Act.'

The above amendment would have the effect of graduated contribution rates from 3½ percent for employees receiving \$1,560 per annum or less, up to a maximum of about 5.2 percent for employees receiving \$10,000 per annum. It would be almost as simple to administer as the flat 3½ percent rate of the present law and it would produce a better scale of annuities than would be obtained with a flat 5 percent rate of contribution.

An increase in the employee rate of contribution would cause very little, if any, reduction in the cost of the retirement system to the Government. This is because most of the increased contributions would be applied directly to purchase additional annuities for the employees. In fact, since the Government is paying 4-percent interest on employee contributions, whereas the highest rate paid on Government obligations issued in recent years is slightly less than 3 percent, it is

quite likely that the net effect of an increase in the employee rate of contribution would be to increase the real cost of the system to the Government.

The above suggestions follow closely the recommendations made by the President's Committee on Civil Service Improvement. This Committee made an additional recommendation which has not been followed in H. R. 3487 and which the Department recommends for favorable consideration. On page 4 of the report submitted by the Committee on Retirement of the President's Committee on Civil Service Improvement, recommendation (1) reads as follows:

"1. That the annuity of any employee who has rendered 40 or more years of service shall be not less than one-half of his highest average annual salary received during any 5 consecutive years of service, with a proportional minimum allowance for employees having less than 40 years of service."

The Civil Service Commission has recommended a similar amendment which would provide for a guaranteed minimum of one-seventieth of salary multiplied by years of service not exceeding 35 years. It is the considered opinion of this Department that such an amendment would go a long way toward reducing turnover among employees whose continued service would be greatly in the interest of the Government.

By direction of the Secretary:

Very truly yours,

W. N. THOMPSON,
Administrative Assistant to the Secretary.

The CHAIRMAN. Are there any further questions? (After a pause.) If not, we thank you very much, Mr. Mitchell, for your statement.

STATEMENT OF J. F. BENNETT, PRESIDENT OF THE RAILWAY MAIL ASSOCIATION

The CHAIRMAN. The next witness is Mr. J. F. Bennett, president of the Railway Mail Association.

Mr. BENNETT. Mr. Chairman and members of the committee, I represent the clerks in the Government service who work mail on the trains.

At our last convention they expressed a preference for a continuation of the present retirement law, but if amendments were introduced, it was left to the executive committee to determine the policy of the organization. That committee has expressed itself and it prefers having the automatic retirement age in our service set at 65 years. Two-thirds of those who have voted, however, are in favor of the bill—H. R. 3487—as written, provided the committee cannot go along on a 65-year automatic retirement age for our service. We prefer to take the bill as it is, because we feel that it is important and desirable to get this retirement matter cleared up and settled.

Aside from that one point there is nothing particular in the bill that we cannot go along with, and we can go along with it in its entirety if the committee decides not to make any change.

That is all I have to say, Mr. Chairman.

Mr. REES. How many Government employees have you in your organization?

Mr. BENNETT. There are 3,000 who are retired and still members of my organization. There are 20,000 members of my organization in active service—a few more than 20,000.

Mr. REES. What is the average salary in your particular service?

Mr. BENNETT. The average salary is about \$2,480 each per annum. That is as near as I can remember. I think it is, to be exact, \$2,489 each per annum.

The CHAIRMAN. If there are no further questions, we thank you very much for your statement, Mr. Bennett.

STATEMENT OF MICHAEL F. FITZPATRICK, PRESIDENT OF THE NATIONAL ASSOCIATION OF POSTAL SUPERVISORS

The CHAIRMAN. The next witness is Mr. Michael F. Fitzpatrick, President of the National Association of Postal Supervisors.

Mr. FITZPATRICK. Mr. Chairman and members of the committee, as has been said, I am president of the National Association of Postal Supervisors, an organization composed of those employees of the Postal Service above the special clerk and carrier grade, supervisors of the motor-vehicle service, and service postmasters, representing in the aggregate some 10,000 employees.

At the biennial convention of the National Association of Postal Supervisors, which convened in Boston, Mass., September 21-24, 1939, the following resolutions relating to the existing Civil Service retirement law were adopted:

1. Optional retirement at the option of the employee only after 30 years of service regardless of age, but under a reduced annuity for less than age 60;

2. Optional retirement at the option of the employee only for full annuity and age 60, or any time thereafter;

3. Mandatory retirement at age 70;

4. The Government's share of the annuity to be \$30 for each year of service performed by an employee regardless of number, based on the theory that deductions start with appointment and continue with finish of service.

We believe that the resolutions, which represent the views of postal supervisors, should be incorporated in the bill and enacted into law.

We submit the following resolution which was likewise adopted as an alternate:

That the total annuity paid shall in no case be less than an amount equal to the average annual basic salary, pay, or compensation received by the employee during any five consecutive years of allowable service at the option of the employee multiplied by the number of years of service, not exceeding 30 years, and divided by 50.

The recommendations for changes in the existing Federal Retirement law were based on careful study of it. The rank and file of our membership do not believe we have been treated fairly. In some instances supervisory employees have been making contributions three times as great as others under the system, and their annuity has been the same. Equitably and scientifically it does not make sense, and the best example is to make a comparison of what would happen should two individuals take out life-insurance policies at the same time and being of the same age. We will assume that A pays into the fund \$200 per annum for an annuitable policy. B pays triple the amount for an annuitable policy, the annuity to begin at age 65. Certainly, the insurance companies would pay a much greater annuity to B who has been paying \$600 per annum into the company in premiums.

We believe that the counter proposal which has been submitted for a new system of figuring the annuity to be paid an annuitant would take care of this inequity. It is certainly more difficult for a person in a higher salary bracket to adjust himself to an income which has been materially reduced upon retirement than the lower-paid employee

who would receive a much greater annuity on a percentage basis of his salary upon retirement.

In the report of the President's Committee on Civil Service Improvement, of which Mr. Justice Stanley Reed was chairman, and which was submitted to the Congress by the President in February of this year, may I make reference to the report which deals with retirement. I quote from chapter 13, item 7, page 97, dealing with retirement, wherein the committee states:

The Government cannot compete with private industry on a monetary basis for the services of professional, scientific, and administrative officials and employees. It must attract this vitally important group on the basis of other considerations, of which the possibility of a career with reasonable provision for retirement is one of the most important. Unless such provisions are made, there will be a tendency for the most valuable men to leave the public service for outside work where they are assured of sufficient remuneration during their active years to make adequate arrangements for their old age.

The last sentence in the above paragraph refers to a condition which has always confronted the Federal service when economic conditions and the opportunities outside the Federal service have created a better field for employment, as exists today. I feel confident that with a more attractive retirement system being proffered employees will be loath to leave the Federal service.

I quote further from page 98 as follows:

The percentage of final pay allowable under the Retirement Ac. of 1920 to annuitants whose remuneration was over \$2,400 at retirement, which includes practically all the group within the purview of our recommendations, varies from 18 to 25. We believe that this proportion is not in accordance with the interest of the public service in attracting and holding the high quality of professional, scientific, and administrative employee needed in the Government service.

You will note that the percentages of income under retirement demand a drastic adjustment upon retirement. This is not always possible, because the employees in the higher brackets, and by higher brackets I mean those who earn over \$2,100 per annum, cannot always adjust themselves to a reduced income. The American method of life in practically every instance with the average American family where the income has been increased has meant that the family has enjoyed luxuries that were not possible when the income was low. It likewise has meant that it was possible to give the children higher education. The atmospheres that these additional benefits provided have always had a tendency to indelibly impress upon all that America is a land of opportunity.

The essential features are the recommendations of the President's Committee on Civil Service Retirement, as follows:

1. Compulsory retirement at 70 after 15 or more years of service.
2. Optional retirement at 60 after 15 or more years of service, the option open to either the Government or the employee, reserving an appeal to the latter against arbitrary action.
3. An annuity to an employee with 40 years of service not less than half the highest average salary for any 5 consecutive years.
4. Service credit of at least 10 years in case of an award of a disability annuity.
5. Improved joint and survivorship options.
6. Increased rate of employee contributions from 3.5 to 4.5 percent; additional contributions from employees receiving an annual salary of more than \$3,120, not exceeding 5.19 percent of pay in total amount.

This committee made an exhaustive study of retirement and was composed of well qualified assistants. I refer to it because I feel that

the recommendations were more liberal than any that have been referred to your committee. I believe there is ample justification for the recommendations.

In conclusion, Mr. Chairman, may I urge your committee to consider the subject matter which I have presented to you favorably, with the hope that you will amend H. R. 3487 so that ample provision can be made for the postal supervisors who, insofar as retirement is concerned, are, in my judgment, the "forgotten men."

Thank you, Mr. Chairman and members of the committee.

Mr. REES. You have approximately 10,000 members of your organization. How many retired members have you?

Mr. FITZPATRICK. Members of the organization?

Mr. REES. Yes.

Mr. FITZPATRICK. I would say not more than 200 or 300.

Mr. REES. What is the average salary of those in your group?

Mr. FITZPATRICK. Approximately \$2,700 per annum.

Mr. REES. What is the retirement allowance?

Mr. FITZPATRICK. It is \$1,200 for practically everybody.

Mr. REES. And your recommendation is what?

Mr. FITZPATRICK. We are primarily interested in the fact that members of my group contribute out of proportion to the benefits received. Our recommendation is that you include in the bill now before you a provision that would give to those in the higher brackets at least 50 percent of their basic pay upon retirement.

Mr. REES. You have referred to "the forgotten man," concerning whom we have heard much lately. What you mean is that those in your group who contribute more should not get the same retirement benefits as those who contribute less.

Mr. FITZPATRICK. That is right. The employee today getting \$1,600 a year receives the same annuity upon retirement that one who gets \$4,800 a year receives upon retirement, despite that both contribute 3.5 percent of their salaries to the retirement fund. That makes the members of my group the forgotten men.

Mr. MOSER. Do you know any professional scientists employed in an administrative capacity in the Postal Service?

Mr. FITZPATRICK. That is a broad question, and Mr. Mitchell can probably answer it better than I. I was quoting the report of the Reed committee.

Mr. MOSER. One part you read was by Mr. McReynolds.

Mr. FITZPATRICK. Mr. Justice Stanley Reed was chairman of that committee.

Mr. MOSER. In your experience in the Postal Service, which has covered many years, have you not found that everybody in the Postal Service took an open, competitive examination to enter the classified service and he started as a clerk or carrier and advanced through the different grades to a supervisory position.

Mr. FITZPATRICK. Yes; if he reached a supervisory position.

Mr. MOSER. In those supervisory capacities there is scarcely any advancement such as the Reed report shows relating to professionals and scientists in the classified service. I have a strong personal feeling for those in the Postal Service who started at the bottom and went to the top. I have seen assistant postmasters who started as special-delivery messengers and go into retirement within the last year after 55 years' service. I do not think as much of the scientist in the

Government serviee. I do not know any particular reason why postal employees should send you here as their representative to speak for the scientists when you are in your own field more expert than those you are talking about.

Mr. FITZPATRICK. I made reference to the part of the report that spoke of "professional, scientific, and administrative officials and employees." I feel that every postal supervisor engaged in that particular pursuit in the post office is an administrator. It is up to him to administer his particular assignment economically and as directed by the Post Office Department, as you know.

Mr. MOSER. That is obviously true from a foreman up. A foreman is an administrator, is he not?

Mr. FITZPATRICK. Yes. Any man who directs the work of others is, in my judgment, an administrator.

Mr. MOSER. Despite the fact that the high-salaried employee is subjected to the same deduction as is the low-salaried employee, within a year or a few months of his retirement, if the employee elects so to do, he may still separate himself, optionally, from the service and withdraw all he has deposited in the retirement fund, with interest; so that he has a distinct advantage if he has continued in the serviee since the Retirement Act became operative.

Mr. FITZPATRICK. While one has that advantage, it has no bearing upon the subject matter now under discussion. We are discussing the subject of retirement. We are not discussing savings. If we were discussing savings, I would say that your argument is sound. What we are working for is the future; what we are looking to is the future.

Mr. MOSER. You say that you are the forgotten men because you do not draw a higher retirement annuity than those who contribute less because of their lower pay.

Mr. FITZPATRICK. Yes.

Mr. MOSER. If one should have to work until he reached the age of 65 and at 64 he resigned and withdrew his money, the one in the higher brackets would pay three times as much into the retirement fund as the one in the lower bracket, but he would at the same time draw out of the fund three times as much as the one in the lower bracket and would have a good nest egg for retirement.

Mr. FITZPATRICK. I do not think that one out of 10,000 employees in the Government service looks forward to withdrawing anything from the retirement fund optionally in order to get premium deductions.

Mr. MOSER. It has been done. I do not know whether they look forward to it. I have known some such employees who were close with figures and they elected to take the other course. They did not regard themselves as the forgotten men.

Mr. FITZPATRICK. It has not been done on the basis of providing for a future, and that is what retirement means to us; in fact I have been a party to it.

I should like to submit a statement by Mr. Thomas B. Randles, Chairman of the retirement committee of the National Association of Postal Supervisors, New York City. I may add that Mr. Randles is a type of man that some of the old fellows look upon with pleasure and satisfaction, because he has spent 47 years in the New York City post office.

The CHAIRMAN. We shall be glad to include the statement in the record.

STATEMENT OF THOMAS B. RANDLES, CHAIRMAN OF THE NATIONAL ASSOCIATION OF POSTAL SUPERVISORS RETIREMENT COMMITTEE, NEW YORK CITY

Mr. Chairman and gentlemen of the committee, the National Association of Postal Supervisors have been a consistent, friendly, and constructive critic of the present retirement law since its original enactment back in 1920, and at intervals over the past 21 years individual officers and representatives, as well as convention mandates of our association, have brought out the many unscientific features contained in the original draft of this law, and the failure of several amendments to the law to correct the basic and unscientific purpose of the law, which, now and always, has created considerable dissatisfaction.

When this law was first enacted its purpose was built up from the ideas, the suggestions, and the proposals of two opposing groups of civil-service employees, one advocating straight pension, and the other recommending salary contributions toward pension, and thus apparently, a reduced amount of the present lump Government contribution became the pension of equal value to all civil-service employees, just about sufficient in amount, at that time, to save the employee from actual want, because the enactment came very shortly after the end of the first World War, and thus, regardless of the salary then paid, or the number of years over 30 then served, or the age differentials set up by the law, the lowest-paid laborer covered by the law was scheduled to receive the same amount of pension under the law as the highest paid civil-service executive.

The salary deduction at that time was $2\frac{1}{2}$ percent, but the law has since been amended several times and among the changes one of the amendments increased the salary deductions from $2\frac{1}{2}$ percent to $3\frac{1}{2}$ percent. Another amendment so changed the language of the law that it has now become a retirement annuity measure, rather than the old-style pension, and, through one or more Executive orders from the President, the law has been extended to include many higher-salaried technical and professional employees and now includes many thousands of the new civil-service postmasters, but still the old faulty provision of the law provides that a \$1,600 per annum laborer will pay \$56 a year into the fund, while the \$12,000 per annum first-class postmaster will pay \$420 per annum into the fund, and both will receive the same \$1,200 per annum retirement annuity.

The first, and major fault, if it may be termed a fault, with the present retirement law is that the amount of annuity provided is not sufficient to cover decent standard living conditions in first- and second-class cities throughout the United States and particularly so in the case of supervisors and the higher-salaried executives, who, because of these higher salaries had acquired responsibilities, and maintained a living standard considerably above that of the lower-salaried grades so that the sharp reduction in income caused by retirement would just about wreck the home and financial structure built up during their years of supervisory title or exalted station and would compel the liquidation of home ownership, insurance policies, home mortgages, etc., and require a removal of the family to some tiny country village or farm where living expenses might be reduced to a minimum and augmented through the tiny income secured from the farm or slightly compensated through the raising of table vegetables.

While the \$1,600 per annum laborer and the \$12,000 per annum postmaster has been used as an example to bring out the extremes in employees' salary deductions, and which are used as a comparison with the maximum Government contributions, the in-between grades of supervisors, technical and professional employees, and the medium- and higher-salary departmental civil-service executives, and also the medium- and higher-salaried postmasters throughout the country, equally illustrate by comparison, of course, the unfairness of the Government contributions; and, as a further example, let us take the case of the post-office supervisor at \$2,400 per annum, whose salary deductions at $3\frac{1}{2}$ percent plus 4 percent interest and including the tontine, which under the law is now deducted, will amount to \$4,804.66 after 30 years of service, to \$6,647.68 after 35 years of service, and to \$8,551.88 after 40 years of service, so that this supervisor will be able to purchase approximately \$480 per annum of his annuity after 30 years of service, \$660 per annum of his annuity after 35 years of service, and \$850 per annum of his annuity after 40 years of service, assuming that he has reached the mandatory age of 70 at the end of each period; thus the Government would have provided 65 percent of this annuity after 30 years of service, only 57 percent after 35 years of service, and only $51\frac{1}{2}$ percent after 40 years of service.

In other words, under the present law, without changes and without increased deductions, the supervisor in that \$2,400 salary grade will pay at the end of 30 years of the law, or 9 years from today, not less than 35 percent of the cost of

his annuity, and, as time goes on, will pay 43 percent after 14 more years of the law, and 48½ percent after 19 more years of the law.

Inasmuch as these figures have been used to illustrate the cost to a lower paid supervisor, it follows that the higher paid supervisor will have contributed much more to the fund through purchasable annuity, and their money in the fund will buy a much higher percentage of annuity after 30, 35, and 40 years, so that the Government contributions will be so much less than the annuity purchased as to stand out ridiculously small, and entirely out of proportion.

In the Postal Service, the average supervisor receives \$2,700 per annum so that his salary deductions at the end of 30 years of service would be \$5,405; at the end of 35 years it would be \$7,478; and at the end of 40 years it would be \$9,620; so that after 30 years of service he would have purchased 38 percent of his annuity; after 35 years of service, 46 percent of his annuity; and after 40 years of service he would have purchased 54 percent of his annuity; and the Government contribution would buy only 46 percent of the annuity.

If this unfairness to the higher paid executives and the supervisors begins with the men in the average supervisor salary grade, how much more unfair would it be in the salary grades beyond \$2,700, and isn't this the chance today, gentlemen, for you to correct the unfair and the unscientific provisions of the law which may have been intended to be a minimum pension for the lower salary grades, but which turns out to be positively unfair and a hardship to the men in the higher salary grades. We realize, of course, that the unfairness in the present law does begin in a measure to correct itself, always at the expense of the employee, just as soon as the deduction begins to purchase more than the \$300 per annum, at present guaranteed by the tontine, but while the flat amount of Government contributions continue to remain the same for all salary grades of employees, the law will continue to be more than generous to the employees in the lower salary brackets, and by comparison, very much undergenerous and very much unfair to the employees in the higher salary brackets.

The law as it now stands was unscientific in its original draft, and it is unfair in its present-day application to all of the Railway Mail Service employees (for whom I have no authority to speak) who happen to be at present in, or due for promotion to, the \$2,450, \$2,600, or \$2,700 clerk salary grades, unfair by comparison to all of the postal supervisors, all of the civil-service field and department executives, and of all postmasters in charge of first- and second-class post offices. (The postmasters also have their own organization, therefore I have no authority to speak for them.) The salary deduction from these men is ever so much higher than the average, and as the years of service go on, their accumulation of money in the retirement fund will purchase much more than the \$900 share of the annuity, which is now paid by the Government at mandatory retirement.

The National Association of Postal Supervisors are perfectly willing to approve the 5-percent salary deduction which has frequently been proposed as a means to pay a more proportionate share of the annuity, and also as a preventiatve of the encroachment of social security, but we must and we do insist that the present 3½ percent contribution by the supervisor is now paying, or will shortly pay, his proportionate 50-percent share of the annuity, and that any increased legal salary deduction must immediately be followed by an increased Government contribution based upon some scientific percentage equivalent for salary deductions and for years of service.

Let us take again the case of one of the \$12,000 per annum postmasters such as we have in New York and Chicago, who would have paid into the fund in 30 years at 5 percent salary deductions, plus 4 percent interest and including the tontine, the sum of \$34,323. At mandatory age 70 with 30 years of service, this postmaster would be able to purchase an annuity of approximately \$3,400 with his own funds and the Government contribution under the present law would only add \$900 per annum to that amount, so that the postmaster would have purchased 80 percent of his retirement annuity and the Government only 20 percent and when you compare these figures with the figures of the employees in the lowest-salary brackets, you will find that the Government will contribute approximately 85 percent and the employee only 15 percent of the money required to cover the total annuity.

If this \$12,000 per annum postmaster remains 35 years in the service, his salary deduction at 5 percent plus 4 percent interest, including the tontine, will have reached the sum of \$45,073.88, and in that case the postmaster would have purchased approximately 84 percent of his annuity and the Government only 16 percent.

Let us again take the case of the lower-paid supervisor at \$2,400 per annum whose salary would be deducted at the 5-percent rate plus 4 percent interest and including the tontine, and we find that after 30 years of service he would have \$6,863.81 in the fund, thus at age 70 being able to purchase approximately \$680, or 43 percent, of the annuity which he is to receive; but should he remain 35 years in the service and then retire at mandatory age 70, he would have \$9,496.68 in the fund including the tontine, and he would be able to purchase approximately \$949 in purchasable annuity, or 52 percent, of the total annuity to be paid and the Government's \$900 contribution would only amount to 48 percent of the annuity to be paid.

The average postal supervisor at \$2,700 per annum would have \$7,721.78 in the fund after 30 years of service at 5-percent salary deduction plus 4 percent interest, and \$10,683.77 in the fund after 35 years of service, at 5-percent salary deduction plus 4 percent interest, so that his deductions in the fund after approximately 32 years of service would buy more in purchasable annuity than the Government contributions.

These figures have been worked out without giving consideration to the present tontine because the tontine deduction of \$1 a month from the employee's contributions should not apply in any case, and certainly not in the case of an employee whose money in the fund would purchase more than \$300 now guaranteed by the tontine. The tontine system itself was a money-making and money-saving device originally applied to banking where it failed, but afterward adopted by the very large insurance companies as a means of increasing their clients' dividends but also as a means of advertising, enlarging their insurance business, used in part to pay for the cost of their big buildings and their enormous pay rolls, and the imaginary benefits made part of the sales talk to the prospects. The tontine has been discarded by all banks and all of the insurance companies have ceased to advertise its value or to issue tontine policies because of its unpopularity and its unsalability to the general public.

If you, gentlemen of the committee, or if the Government actuaries work out for you from the data on hand that the present rate of salary deduction is not sufficient to pay the present annuity plus the increased benefits developed, requested by the employees at this hearing, and based upon a minimum of 30 years of service less the outmoded tontine, the National Association of Postal Supervisors will be glad to go along with you in any increased salary deduction rate that would be worked out as commensurate for the purpose intended. In fact, our last national convention advocated increased salary deduction rates up to 5 percent, but demanded that increased benefits be guaranteed in fair and reasonable proportion to the increased deduction based upon 30 years of service, with additional benefits for each additional year of service.

The association which I represent has been a strong advocate of the present Canadian Government annuity system, under which the civil-service employee is able to retire after 35 years of service at not less than 65 percent of his annual basic salary for a selected 5-year service period.

The National Association of Postal Supervisors is now, and has been for years, opposed to the present limitation of 30 years of service for the Government contribution of \$30 per year for each year of service "Not to exceed 30 years of service." In other words, we believe that the Government contribution should be no different from the employees' deduction; and should go on for each year of service regardless of the number, because the employees' salary deduction goes on for each year of service regardless of the number that the employee has served, and it certainly is inconsistent and positively unfair to ask the employee to continue to pay toward his annuity for 35, 40, or for 50 years and then limit the Government contributions to 30 years.

The employee wants to continue to pay, he wants to build up his fund to purchase as much as is possible, consistent with the number of years of his service, but he cannot see any reason why the Government's share of the annuity should not increase for each year of that service that the employee continues to pay into the fund.

The National Association of Postal Supervisors recognize the fact that the sentiment for increased salary deduction is not unanimous among Government employees, and while we believe it is the sentiment of a majority of the employees, nevertheless, consideration should be given to the minority groups, who may oppose such action, and whose opinion may be based upon reasonable grounds. For example, the following is cited: The salary deductions from the present employees in the \$1,200 to \$2,300 grades, even if made at 5 percent from now on, will not amount to enough to purchase the tontine guaranteed \$300 per annum

portion of the annuity for not less than 6 years to come, so that if the employees in those grades agreed to or were compelled to approve this salary deduction, the additional 1½ percent over the amount now deducted, would just be buried in their individual fund, so far as benefits are concerned, if their retirement at mandatory age came within the next 6 years.

In other words, their individual amount now in the fund, plus the 5-percent deduction for 6 years, would not purchase any more than the \$300 now guaranteed by the tontine, under the 3½-percent rate of deduction. Therefore, in justice to this very large number of employees, some reasonable substantial benefits should be granted, if the deduction rate is increased, and a proposal along that line, is herein offered to the committee; same being the result of a number of joint meetings of eight local New York City Service Association representatives of the eight large National Postal Service Association groups, which look after post-office employees welfare.

This local group proposed a graduating scale of deductions in accordance with salaries. The present 3½-percent salary deduction rate to remain in all salary grades up to \$1,600 per annum. A 4-percent rate up to \$2,100 per annum. A 4½-percent rate up to \$2,700 per annum. A 5-percent rate up to \$4,000 per annum, and a 5½-percent rate beyond that salary range.

Inasmuch as the tontine guarantee and Government contributed annuity now amounts to \$1,200 per annum for the \$1,600 salary group, after not less than 30 years of service, this local committee believed that one-half of 1 percent of salary should be added for each \$100 of salary, beyond the \$1,600 group, for the first 30 years of service, consistent, of course, upon minimum and maximum ages of retirement, thus, the \$1,700 per annum employee with exactly 30 years of service would retire at \$1,208.50, the \$1,800 employee at \$1,218, the \$1,900 employee at \$1,228.50, the \$2,000 employee at \$1,240, the \$2,100 employee at \$1,252, and for each additional \$100 in salary an additional one-half of 1 percent of that salary up to \$2,600 per annum for the first 30 years of service, and the Reed committee recommendation of not less than one-half salary to apply from \$2,700 up.

One-half of 1 percent of the basic salary to be added to the retirement annuity of every employee in every salaried grade for each additional year of service after 30 years of service so that instead of the law stopping at 30 years of service as it does now, thus helping to cause a loud demand, and a rather small desire for 30-year optional retirement; the law should offer some tiny inducement to the employee to continue in the service, consistent with physical and mental condition until mandatory age.

Any new or beneficial legislation should be based on salary and on years of service, so that no matter whether salaries went up or down, or whether years of service are restricted or extended, the annuity will change in equal proportion. Salary deductions should be just sufficient to pay the predetermined share of the full annuity after 30 or 35 years of service with increased annuity in the same proportion from the Government and from the employees purchaseable annuity fund, for each additional year of service after 30 or 35 years of service.

We favor optional retirement after 30 years of service.

We favor 30-year optional retirement at age 60.

We favor mandatory retirement at the mandatory ages contained in the present law.

We favor joint annuity, but believe that the present joint annuity law is too expensive to the annuitant to warrant general accord and would suggest that a more extensive actuarial study be made of this feature with a view to increasing the annuity to both the annuitant and to the dependent.

We favor retention in the retirement fund of all moneys received and the payment of deferred annuities therefrom at age 60, rather than the refund of this money when the employee leaves the Government service.

The National Association of Postal Supervisors wish to take this occasion to express its gratitude to the so-called Reed committee appointed by His Excellency, the President, in 1939, to make a survey of the United States civil-service regulation, and we are particularly pleased and very gratified with the report of the subcommittee of the Reed committee which made an intensive study of the United States civil-service retirement, and which subcommittee among other things recommended that the annuity to be paid should in no case be less than one-half of salary after 40 years of service.

This subcommittee report offered the first real encouragement ever received by the so-called senior service employees, a group of men and women, 30, 40, and 50 years in the service who had made such Government service their life work, long before that phrase originated or became fashionable, and these service veterans have been groping around in the dark for many years seeking what they considered a more just recognition for their long years of service in a newly amended and much more beneficial law.

A number of the present Government civil-service postmasters, supervisors, and other employees have had previous service in State, city, and county governments, or in military service, and the time spent in those services, might, with justice, be given consideration, in addition to time spent in the National Government service, wherein years of service, not otherwise provided for by those State, city, and county, or National Governments, may be added to the years of Government service for retirement purposes.

In conclusion, gentlemen, no matter what the action taken by your committee, the National Association of Postal Supervisors will be well satisfied that it has had a fair and just hearing, and that in these times of stress and world disturbance, you will certainly do what is fair, and just to the Government, as well as what is fair and just to the civil-service employees.

I am herein inserting a salary table from \$1,600 to \$5,000 per annum, with salary deductions ranging from 3½ to 5½ percent, showing the \$1,200 annuity at \$1,600 per annum, increased by one-half of 1 percent of salary for each additional \$100 of salary from \$1,700 to \$2,600 per annum and the Reed committee recommendation of one-half pay from \$2,700 per annum upward, plus one-half of 1 percent of salary for each year of service, beyond 30 years of service, and up to and including 50 years of service, and also a deduction table showing a 5-percent salary deduction including interest for 30 years and a similar table for 35 years and containing the salary range from \$2,100 to \$12,000 per annum with the amount of deduction plus interest at 4 percent which would be in the fund at the expiration of 30 or 35 years.

Salary	Percent deduct	0.5 percent, 30 years	0.5 percent, 31 years	1 percent, 32 years	1½ percent, 33 years	2 percent, 34 years	2½ percent, 35 years	5 percent, 40 years	7½ percent, 45 years	10 percent, 50 years
\$1,600	3½	\$1,200.00	\$1,208.00	\$1,216.00	\$1,224.00	\$1,232.00	\$1,240.00	\$1,280.00	\$1,320.00	\$1,360.00
\$1,700	4	1,208.50	1,217.00	1,225.50	1,234.00	1,242.50	1,251.00	1,293.50	1,336.00	1,378.50
\$1,800	4	1,218.00	1,227.00	1,236.00	1,245.00	1,254.00	1,263.00	1,303.00	1,353.00	1,398.00
\$1,900	4	1,228.50	1,238.00	1,247.50	1,257.00	1,266.50	1,276.00	1,323.50	1,371.00	1,418.50
\$2,000	4	1,240.00	1,250.00	1,260.00	1,270.00	1,280.00	1,290.00	1,340.00	1,390.00	1,440.00
\$2,100	4	1,252.50	1,263.00	1,273.50	1,284.00	1,294.50	1,305.00	1,357.50	1,410.00	1,462.50
\$2,200	4½	1,266.00	1,277.00	1,288.00	1,299.00	1,310.00	1,321.00	1,376.00	1,431.00	1,486.00
\$2,300	4½	1,280.50	1,292.00	1,303.50	1,315.00	1,326.50	1,338.00	1,395.50	1,453.00	1,510.50
\$2,400	4½	1,296.00	1,308.00	1,320.00	1,332.00	1,344.00	1,356.00	1,416.00	1,476.00	1,536.00
\$2,500	4½	1,312.50	1,325.00	1,337.50	1,350.00	1,362.50	1,375.00	1,437.50	1,500.00	1,562.50
\$2,600	4½	1,330.00	1,343.00	1,356.00	1,369.00	1,382.00	1,395.00	1,460.00	1,525.00	1,590.00
\$2,700	4½	1,350.00	1,363.50	1,377.00	1,390.50	1,404.00	1,417.50	1,485.00	1,552.50	1,620.00
\$2,800	5	1,400.00	1,414.00	1,428.00	1,442.00	1,456.00	1,470.00	1,540.00	1,610.00	1,680.00
\$2,900	5	1,450.00	1,464.50	1,479.00	1,493.50	1,508.00	1,522.50	1,595.00	1,667.50	1,740.00
\$3,000	5	1,500.00	1,515.00	1,530.00	1,545.00	1,560.00	1,575.00	1,650.00	1,725.00	1,800.00
\$3,500	5	1,750.00	1,767.50	1,785.00	1,802.50	1,820.00	1,837.50	1,925.00	2,012.50	2,100.00
\$4,000	5	2,000.00	2,020.00	2,040.00	2,060.00	2,080.00	2,100.00	2,200.00	2,300.00	2,400.00
\$4,100	5½	2,050.00	2,070.50	2,091.00	2,111.50	2,132.00	2,152.50	2,255.00	2,357.50	2,460.00
\$4,200	5½	2,100.00	2,121.00	2,142.00	2,163.00	2,184.00	2,205.00	2,310.00	2,415.00	2,520.00
\$4,300	5½	2,150.00	2,171.50	2,193.00	2,214.50	2,236.00	2,257.50	2,365.00	2,472.50	2,580.00
\$4,400	5½	2,200.00	2,222.00	2,244.00	2,266.00	2,288.00	2,310.00	2,420.00	2,530.00	2,640.00
\$4,500	5½	2,250.00	2,272.50	2,295.00	2,317.50	2,340.00	2,362.50	2,475.00	2,587.50	2,700.00
\$4,600	5½	2,300.00	2,323.00	2,346.00	2,369.00	2,392.00	2,415.00	2,530.00	2,645.00	2,760.00
\$4,700	5½	2,350.00	2,373.50	2,397.00	2,420.50	2,444.00	2,467.50	2,591.00	2,702.50	2,820.00
\$4,800	5½	2,400.00	2,424.00	2,448.00	2,472.00	2,496.00	2,520.00	2,640.00	2,760.00	2,880.00
\$4,900	5½	2,450.00	2,474.50	2,499.00	2,523.50	2,548.00	2,572.50	2,695.00	2,817.50	2,940.00
\$5,000	5½	2,500.00	2,525.00	2,550.00	2,575.00	2,600.00	2,625.00	2,750.00	2,875.00	3,000.00

<i>5 percent salary deductions and interest 36 years</i>	<i>5 percent salary deductions and interest, 35 years</i>
\$2,100	\$6,005.84
\$2,200	6,291.83
\$2,300	6,577.82
\$2,400	6,863.81
\$2,500	7,149.80
\$2,600	6,435.79
\$2,700	7,721.78
\$2,800	8,007.77
\$2,900	8,293.76
\$3,000	8,579.75
\$3,100	8,865.83
\$3,200	9,151.82
\$3,300	9,437.81
\$3,400	9,723.80
\$3,500	10,009.79
\$3,800	10,867.67
\$3,900	11,153.66
\$4,000	11,439.65
\$4,300	12,297.62
\$4,700	13,441.58
\$5,000	14,300.68
\$6,000	17,161.00
\$7,000	20,021.16
\$8,000	22,881.72
\$9,000	25,742.08
\$10,000	28,602.40
\$12,000	34,323.00
	\$12,000

STATEMENT OF ROBERT H. ALCORN, CHAIRMAN OF THE JOINT CONFERENCE ON RETIREMENT

The CHAIRMAN. Let us hear Mr. Alcorn next.

Mr. ALCORN. Mr. Chairman and members of the committee, I cannot speak for the Joint Conference on Retirement as being wholly in favor of the pending bill. I think it is well to leave the representatives of the different organizations to speak for themselves regarding the provisions of H. R. 3487. I do, however, want to speak for the Retirement Federation, which has instructed me to do so in favor of H. R. 3487.

The CHAIRMAN. Explain for the record what the Retirement Federation is.

Mr. ALCORN. The Retirement Federation is made up of groups of employees of practically all the naval stations, navy yards, and arsenals throughout the country. It was organized for the purpose of cooperating with the several organizations in promoting the interest of the employees in regard to the application of the retirement law we have, and with the hope that we might help in a large way to effect a better retirement law.

The Retirement Federation at an executive meeting last night instructed me to come here and give the pending bill its unqualified endorsement, believing that it will be a forward step toward effecting the changes that are desirable in the retirement system.

There are some groups that compose the Retirement Federation that do not favor all the provisions of the pending bill; yet most of them hope that the committee may see its way clear to favorably report this bill at an early date and do all it can to see to it that the bill is enacted into law.

I have a brief that I have been requested to submit in behalf of the New York City Retirement Committee, which brief proposes changes in the pending bill. I should like to submit this communication and some telegrams to the committee.

The CHAIRMAN. We shall be glad to have them.

Mr. ALCORN. They say:

NEW YORK RETIREMENT FEDERATION OF CIVIL SERVICE EMPLOYEES OF NAVY YARDS, STATIONS, AND AFFILIATED EMPLOYEES OF NEW YORK

WOODHAVEN, N. Y., May 31, 1941.

Hon. ROBERT RAMSPECK, M. C.,

*Chairman, Committee on the Civil Service,
House of Representatives, Washington, D. C.*

MY DEAR CONGRESSMAN: The members of the New York Retirement Federation of Civil Service Employees, at a duly authorized meeting, have endorsed the Ramspeck bill, H. R. 3487. One change and one addition were voted, as follows:

(a) Upon separation from the service for reasons other than retirement it shall be optional with the employee whether or not the pay deductions remain in the fund.

(b) Any employee, upon the completion of 35 or more years of service and who has reached the retirement age for his group and whose compensation was more than \$2,400 per year, shall receive not less than $3\frac{1}{2}\%$ of his pay based on the highest salary received during any five consecutive years. With less than 35 years of service, he shall receive an amount in proportion thereto.

Respectfully,

JAMES F. McDONNELL, President.

[Telegram]

VALLEJO, CALIF., June 2, 1941.

ROBERT H. ALCORN,

1703 Second Street NE., Washington, D. C.

Navy Yard Association agrees Ramspeck bill is satisfactory and represents greatest improvement for greatest number.

N. E. HANSOM, President.

[Telegram]

UPPER DARBY, PA., June 3, 1941.

R. H. ALCORN,

1703 Second Street NE., Washington, D. C.

The National Association of Master Mechanics and Foremen endorses all features of H. R. 3487.

W. E. ROTH, President.

Mr. ALCORN. There are about 100,000 in the navy yards; but I would not say that I represent all of those. The Retirement Federation does, however, represent a large percentage of the employees in the navy yards, stations, and arsenals.

Before the existing national emergency I represented about 70,000 employees of the Government.

The CHAIRMAN. If there are no questions, we thank you very much for your statement, Mr. Alcorn.

STATEMENT OF MRS. GRACE B. KLUEG, NEW YORK CITY

The CHAIRMAN. Mrs. Grace B. Klueg is the next witness.

Mrs. KLUEG. Mr. Chairman and members of the committee, I am president of the Woman's Division of the Navy Yard Retirement Group.

THE CHAIRMAN. That is the same group Mr. Aleorn represents, is it not?

Mrs. KLUEG. Yes; I should like to say that our group represents the Brooklyn Navy Yard and smaller groups in other navy yards and naval stations, like Newport, R. I., Boston, Mass., Charleston, S. C., Norfolk, Va., and several others that I have not in mind at this moment.

We want to be recorded as favoring the Randolph bill, H. R. 1847, and any other proposed legislation that will come before this body looking to protection of the women whose husbands are in the Government service; and we have been working to that end for the last 8 years. We have had some measure of success, and we are still looking for relief of the women whose husbands have already retired from the Government service. We have no protection under the Social Security Act.

I know that you all are very busy, and I just want to record my organization as in favor of any proposed legislation that looks to a betterment of retirement conditions.

I do not believe we can expect the youth of the country of tomorrow to have any respect for a Government that forgets their mothers in their old age.

Mr. MOSER. What are the laws of the State of New York with respect to support of dependents?

Mrs. KLUEG. You mean the State law?

Mr. MOSER. Yes.

Mrs. KLUEG. We have none. We have no benefits under the Social Security Act.

Mr. MOSER. Have you not a law in the State of New York that requires a husband to support his wife?

Mrs. KLUEG. My husband has always supported me. I suppose our State law requires a husband to support his wife.

Mr. MOSER. Does it not become an obligation of a husband to support his wife when he marries her and children support parents who become dependent?

Mrs. KLUEG. Yes.

Mr. EDELSTEIN. We have such a law in the State of New York.

Mr. MOSER. Why do you say that the youth of the land of tomorrow will not have any respect for a Government that forgets their mothers when the laws of the State of New York require that the husbands employed in the Government service must support their wives?

Mrs. KLUEG. We have no benefits under the Social Security Act, as I have said; and I do not believe that the wife of any navy-yard worker has been able to put away enough to take care of her family in the event of loss of the husband. I believe that the average Government worker's wife who would be able to take care of herself when her husband is gone is very few and could be counted on one hand in any of our yards.

STATEMENT OF CLARENCE F. STINSON, ASSISTANT SECRETARY OF THE NATIONAL ASSOCIATION OF LETTER CARRIERS

The CHAIRMAN. The next witness is Mr. Clarence F. Stinson, National Association of Letter Carriers.

Mr. STINSON. Mr. Chairman and members of the committee, I am the Assistant Secretary of the National Association of Letter Carriers, an organization with a membership of more than 68,000 located in practically every city throughout the United States that has city or village delivery service.

I appreciate this privilege of appearing before your committee and being given the opportunity of saying a few words on the important question of amending the Retirement Law.

I assume that the purpose of this hearing is to give the Representatives of the different civil-service organizations an opportunity to express their views on the retirement bills now pending before your committee, and to advance reasons why, in their opinions, certain favored amendments should be enacted into law.

With that thought in mind, I desire to make a brief statement in behalf of the National Association of Letter Carriers, setting forth why we believe the law should be amended, and stating just what amendments we favor.

The original retirement law was enacted on May 22, 1920, and became effective on August 21, 1920.

This bill, so far as the letter carrier is concerned, provided that he could retire at the age of 65, provided, that he had 15 or more years of service.

The original bill provided that any number of extensions could be secured for the first 10 years the law was in operation, and after 1930, only two 2-year extensions could be secured.

The act of June 30, 1932, provided that no extensions after the automatic retirement age could be secured.

While this law was very successful in its operation, and was highly appreciated by the Government employees, nevertheless, from the time the law was first enacted there was considerable agitation for a reduction in the retirement on the ground that, in many cases, the retirement age was too high.

This agitation continued to grow and finally Congress found it necessary, in the act of July 3, 1930 to include a provision in the law allowing those employees in the various groups, who had at least 30 years' service, to optionally retire 2 years before they reached the mandatory retirement age.

While this concession was a great help, it was not sufficient in the minds of many Government employees; so for the past 10 years or more, there have been repeated attempts made to have the law amended so as to permit the employee, if he so desired, to retire after 30 years of service, regardless of age.

It was contended by many that, with such a law, it would make it possible for many employees, who had not yet reached the automatic retirement age and who, while disabled to a certain extent, could not secure disability retirement to avail themselves of this provision of the law, thereby enabling them to at least enjoy some of the ordinary comforts of life during their declining years.

The National Association of Letter Carriers have been consistent in their advocacy of optional retirement after 30 years of service regardless of age, and national convention after national convention has gone on record as instructing its national officers to attempt to secure such legislation.

Bill after bill on this question has been introduced in Congress, calling for optional retirement after 30 years of service; and as a matter of fact the present law which was enacted on May 29, 1930, provided, when originally introduced as a bill, for 30-year optional retirement.

At the present time there is no bill before your committee calling for optional retirement after 30 years of service, without age limitation; but there is pending in your committee a bill, H. R. 1846, which provides:

All employees to whom this Act applies, who would be eligible for retirement from the service upon attaining the age of sixty years, shall, after having rendered at least thirty years' service, computed as provided in section 5 of this Act, be eligible for retirement on an annuity as provided in section 4 of this Act. Retirement under the provisions of this paragraph shall be at the option of the employee; but if such option is not exercised prior to the date upon which the employee would otherwise be eligible for retirement from the service, the provisions of this Act with respect to automatic separation from the service shall apply.

It will be noted that under this bill an employee who has reached the age of 60 and who, if he has had 30 years of service may optionally exercise this provision and retire and receive the full annuity.

We desire to direct attention to the fact that the option to retire is one to be exercised exclusively by the employee concerned, and it may not be amiss to state that the present law, in this respect, has operated satisfactorily to the employees.

This particular bill, H. R. 1846, simply amends the existing law so far as the retirement age is concerned and does not change the other fundamental provisions of the law with respect to deductions, refunds, and so forth.

As we have already stated, while this bill does not provide for optional retirement without an age limitation, it does distinctly provide that the employees must be at least 60 years of age and have 30 years of service; and although it is not exactly in accordance with convention resolutions, nevertheless, in view of your committee holding this hearing on all retirement bills so far introduced and, further, in view of the fact that the bill does permit optional retirement 3 years earlier than the present law—so far as the letter carrier is concerned—we therefore feel it our incumbent duty as a representative of the letter carriers, to endorse the provisions contained in H. R. 1846, as being nearest to the desire of our membership as expressed by them at national conventions; but in so doing we express the hope that the committee in considering the bill may see its way clear to eliminate the 60-year provision and permit optional retirement after 30 years of service.

It has been contended by actuaries that an optional retirement bill without an age limitation would be very expensive, and although we are not prepared to discuss the cost of such a bill, we do not believe that the cost would be as great as estimated, for in our opinion only a small percentage of those eligible would take advantage of same. This is demonstrated by referring to the report on the retirement law for the year ended June 30, 1939 (the last report available), which will

show that, while there were 2,806 annuitants retired during the year, for age, and 2,144 for disability—a total of 4,950—there were only 732 who received optional retirement, or 15.4 percent, and applying this ratio, under optional retirement the cost should not be excessive.

We are mindful of the fact that, when you reduce the retirement age you necessarily increase the cost because the expectancy of life is greater and, of course, the longer you live after retirement, the greater the cost. However, it must be remembered that the percentage figure which we just quoted only applies to those who had 30 or more years of service and who exercised the optional provision. Indeed, if a 30-year optional retirement bill were enacted, it is not unlikely that the percentage taking advantage would not be much higher than under the existing law.

We urge the committee to give consideration to our suggestion to amend H. R. 1846 so as to make it optional with the employee to retire after 30 years of service; but if after due deliberation they reach the conclusion that this cannot be done, then we urge the committee to favorably report out H. R. 1846 in its present form and we will accept it as a step forward in our endeavor to secure a law providing for optional retirement after 30 years of service.

We also at this time desire to record the National Association of Letter Carriers as favoring the provision of H. R. 1847, a bill providing that an annuity equal to 50 percent be paid to the widows of deceased annuitants. The last convention of our association, held in Milwaukee, Wis., September 1-6, 1939, instructed the national officers to try to have the law amended to provide for a widows' pension, and inasmuch as they realized that this would cost some money, they expressed a willingness to have their deductions increased to not exceeding 5 percent in order to amend the present retirement law to provide for optional retirement after 30 years of service, and also to secure a widows' annuity.

We recommend H. R. 1847 to you for your most serious consideration.

I thank you for the opportunity of appearing before your committee and, in closing, express the earnest hope that our requests may be acted upon favorably by your committee.

Mr. REES. Have you an opinion as to the cost of a pension for widows?

Mr. STINSON. I have no idea whatever as to that, because I do not believe that such cost has been computed. You will remember that our association is willing to have the contribution to the retirement increased by 1.5 percent to effect widows' pensions.

STATEMENT OF N. P. ALIFAS, PRESIDENT OF DISTRICT NO. 44, INTERNATIONAL ASSOCIATION OF MACHINISTS

The CHAIRMAN. Let us now hear Mr. Alifas.

Mr. ALIFAS. Mr. Chairman and members of the committee, there are approximately 23,000 Federal employees of the navy yards, naval stations, arsenals, and elsewhere who are members of our organization.

Insofar as I am able to speak for them at the moment, they are on record as opposing an increase in the compulsory age retirement. At the last convention of district No. 44, held in September 1939, the

association went on record as favoring the lowering of retirement from 65 and 62 to 60 years of age. That is the official record of the organization. It is definitely on record as opposing an increase in the age limit from 62 or 65 to a higher age. In addition to that, resolutions were adopted at the convention of the International Association of Machinists, of which we are a part, held at Cleveland, Ohio, last fall, to the same effect, and opposing an increase in the contribution of the employees to the retirement fund. They felt that the retirement law could be liberalized without any additional expense to the employees.

The gentleman is smiling, but I will tell him why in a moment.

At the last convention of the metal trades department of the American Federation of Labor, with which the Machinists' Union is affiliated, held at New Orleans, La., last fall, likewise went on record as against increasing the contribution of employees to the retirement fund. It went on record as favoring a liberalizing of the retirement law so as to provide optional retirement after 30 years' service without age limitation; and Mr. Stinson has just told you that his organization also favors that proposal. They felt that all employees, both Government and private, should have some sort of annuity when they reach old age. It was felt that the 15 years' service required before one may receive retirement benefits, except that he be injured in line of duty or become incapacitated otherwise, is too long and should be shortened to five years' service. That would leave the first 5 years for which no credit would be given.

We feel that if we were offered a proposition of paying 5 percent of wages into the retirement fund in order to have the annuity increased from, say, \$100 a month, after 30 years' service, to \$125 a month, that would constitute a commensurate benefit. The Government has established that as an annuity benefit for the employees of the Panama Canal Zone, who pay into the retirement fund 5 percent of their wages and get an annuity of \$125 a month, whereas other Government employees pay into the retirement fund 3.5 percent of their wages and get \$100 a month after 30 years' service. If the Government can do that for the Government employees in Panama it can do the same for the employees of the Government in the States. The Congress has not hesitated to provide very liberal annuities for military and naval personnel, who do not contribute anything to retirement funds, yet they receive much more by way of pensions than do Federal employees.

One reason I think this committee could afford to report a bill containing the liberal features of the bill I have referred to without increasing the contributions of the employees is that the Government is underpaying its employees.

We had a hearing here a short time ago in which it was shown that under the classification act, the average employee in the 600,000 employed under civil service, was receiving a little under the next step above the minimum rate. Some years ago the Committee on Appropriations of the House carried a provision that promotions should not be made in such a way that the average pay of the employees in a grade should exceed the average of the grade; and each grade has 6 or 7 ratings. That provision soon became unnecessary because the employees gradually drifted downward so that the average employee was receiving not the average of the grade but less than

one grade above the minimum rate. Therefore enough has been taken from the pay to which the employees were entitled under the classification act to more than make up the 1.5 percent that the pending bill proposes to add to the deduction made from the wages of Government employees for deposit in the retirement fund.

In the navy yards and stations we have had wage surveys and wage board hearings, and we have had what some would call a waiting period of 10 months to determine what the wages were to be; and we were finally turned down for an increase in pay.

The rates of pay in navy yards and naval stations in 1929 were about the same as they are now as to weekly earnings, but the bulk of the employees were paid at the top rate. There are three rates. During the economy period men were laid off while in the top rating and hired back at the minimum rating, which meant a reduction of 12 cents an hour. Many employees are still working at the minimum rate of pay; they have not been promoted. Enough has been taken from the pay envelopes of those employees by administrative action to more than meet the additional cost of liberalizing the Retirement Act without increasing the contributions of employees. The employees cannot afford increased contributions now.

We are going to have a convention of our association in September and this question will be taken up; and at the present time I should like to be accommodating, Mr. Chairman, but my duty is to tell you that our organization and those with whom we are affiliated are on record as against increasing the age limits for retirement and increasing the contributions of employees to the retirement fund. We are in fact in favor, as I have said, of lowering the length of service requirements so that they may be made to cover those who have served 5 instead of 15 years; and we are in favor of some of the other liberal features of this bill.

THE CHAIRMAN. Have you taken any action in connection with H. R. 1847?

MR. ALIFAS. No. We have taken action on the principal features of the bill. Most of the bills before the committee have features that have been under consideration many years. Somebody has introduced a feature here and somebody has introduced another feature there throughout the years; and these different features to amend the retirement laws have constantly been under consideration by our organization. We favor some such features and oppose others.

Another feature we do not like about this bill is the double option and the nonreturn to the employees of what they have contributed to the retirement fund after they leave the service, after 5 years' service. At present, if an employee leaves the service he can withdraw his total contribution from the fund plus interest thereon. If he reenters the service, and wishes to have the benefit of the time he has served, for retirement purposes, he has to pay back the money he withdrew from the fund.

Under the pending bill, after 5 years' service the money collected for the retirement fund will be frozen in the fund and one can't get it out. If you increase the contribution from 3.5 to 5 percent, it will not constitute a savings, because one cannot use the money as a savings account. It will mean that one will pay 1.5 percent more for the advantages of the bill than he would otherwise.

MR. REES. Are the members of your organization skilled mechanics?

Mr. ALIFAS. Yes. They are machinists, tool makers, die sinkers, and so forth. I think we have the highest-skilled mechanics in the country in our services.

Mr. REES. What pay do they receive at this time?

Mr. ALIFAS. I blush to tell you that they get only about \$2,200 each a year. The wife of an employee who gets that amount has to be a magician to make ends meet, I confidently maintain. That covers those who receive the highest rate of pay. There are two rates lower than the highest. The Government cannot get employees at the lower rates, but apparently some people would rather suspend national defense than spend a few more cents for labor.

Mr. REES. What is the average term of service among your group? Do they quit at the end of 4 or 5 years or remain on their jobs constantly?

Mr. ALIFAS. A large portion of them serve many years, as long as, say, 15 years. Many have service records covering 30 years and more. For many years national-defense work was something that one could not look forward to with confidence. The Congress would authorize funds for certain construction that was supposed to take, say, 2 years, and one would calculate that at the end of that time he would be out of a job; then at the end of the 2 years the Congress would authorize more construction that would keep the men employed another 2-year period. At present, though, the workers can look forward with more confidence in the security of their tenure.

Mr. REES. I imagine that your 23,000 workers are a great increase over what you had a few years ago.

Mr. ALIFAS. Yes; that is true. We have the bulk of the machinists employed by the Government in our association, which is a voluntary one.

Mr. REES. You have about twice as many workers as you had 3 or 4 years ago, no doubt.

Mr. ALIFAS. Yes; 4 years ago.

Mr. FELLOWS. Do many of these navy yard and arsenal workers leave the Government to enter private employment?

Mr. ALIFAS. Some of them have left the navy yards and arsenals; but in most cases the shortage is due to skilled workmen failing to apply for work at the naval yards and arsenals because of the low wage rates.

We think that the Congress, after all, passes both kinds of legislation—it passes appropriations to pay Government workers and it provides the social-security features. Where they take out of the employees in one way we suggest they could add something in another way.

The CHAIRMAN. The workers for whom you speak are industrial workers; are they not?

Mr. ALIFAS. Yes; they are per diem workers.

The CHAIRMAN. How about transferring them to the Social Security Act?

Mr. ALIFAS. I am opposed to that because the scale of social-security annuities is much lower.

The CHAIRMAN. But the rate of contribution is not much lower. It ultimately will be only one-half of 1 percent lower.

Mr. ALIFAS. Yes; that is true.

The Social Security Act started low like the Government employees did in 1920. The maximum retirement benefit then was \$720 a year, while it is \$1,200 now.

The CHAIRMAN. You have in the machinists' union many thousands who do not work for the Government, of course.

Mr. ALIFAS. Yes; but not in my immediate district.

The CHAIRMAN. They are in the metal-trades division of the American Federation of Labor.

Mr. ALIFAS. Yes.

The CHAIRMAN. How do you justify the difference in benefits under the civil-service-retirement law as compared with the benefits accruing under the social security when you have both groups in your organization?

Mr. ALIFAS. We attribute that to the generosity of Members of the Congress who have been contacted by representatives of labor throughout the years.

The Social Security Act is the result of a comparatively new movement. It covers practically everybody and the annuities were scaled down on account of the vast number of people and the large amount of money involved in payments. We have found that where many are involved in a benefit a substantial increase represents a staggering sum from a business point of view; and therefore the beneficiaries do not get as liberal treatment as they would otherwise get if only a small group were involved.

I think that the Social Security Act benefits will improve.

The CHAIRMAN. A member of the Machinists' Union working for a private employer may have to work 45 years before receiving an annuity, he pays 3 percent of his earnings, and the maximum benefit he may receive is \$85 a month.

Mr. ALIFAS. Yes; that is true.

The CHAIRMAN. And his brother worker in the navy yard receives an annuity of \$100 a month after paying only 3.5 percent of his wages.

Mr. ALIFAS. Yes.

The CHAIRMAN. And the navy-yard worker is objecting to an increase in the contribution so that the benefit may be liberalized.

Mr. ALIFAS. Yes.

The CHAIRMAN. They want the cake and still they want to eat it.

Mr. ALIFAS. The Government workers are not getting so much in pay as the worker in private industry.

The CHAIRMAN. That has nothing to do with the rate of contributions, because they pay the contributions on the amount of pay received. The same objection lies against your reference to the employees of the Government on the Panama Canal. They pay a higher rate into the retirement fund and they get a higher retirement annuity.

Mr. MOSER. Referring to you mentioning the generosity of Members of the Congress, do you not think you are trying to impose upon the generosity of Members of the Congress in the positions you are taking before this committee?

Mr. ALIFAS. No; I do not.

Mr. MOSER. You are advocating undue liberalization of the retirement law without any addition whatever to the contribution of employees to the retirement fund; advanced retirement benefits; and drawing a contrast between those whom you represent and the

veterans who have been conscripted to serve their country at \$21 a month for training in the armed forces of the United States, while those whom you represent are not under any compulsion to accept Government employment, which experience has taught me they so manifestly and persistently sought. Have you any record, as you complain, as a result of the Economy Act any of your organization being dropped and, when subsequently reemployed at the lower rate of pay, of their refusal to accept that employment?

Mr. ALIFAS. Members of my group had to have work and they wanted it. It is true that a soldier gets only \$21 a month.

Mr. MOSER. And he did not ask for his job; certainly the draftees did not.

Mr. ALIFAS. We must remember that the soldier receives also his food, clothing, shelter, medical attention. I venture the assertion that an employee in the navy yard does not have \$21 a month left after he pays for his food, clothing, shelter, and medical care; \$21 a month is not a fair comparison. There is \$21 a month for the soldier and something else. For the mechanic, mention is made only of his full wage.

I do not think we want to put the country on a military basis. We are, after all, a civilian population and we do not want to be militarized. We do not think that a comparison such as you have made is appropriate. We do not think it is appropriate to try to put the civil population upon a basis of what a soldier is paid.

Mr. MOSER. Aside from my comments on your attempted imposition upon the generosity of Members of the Congress, I have nothing further to inquire of you.

STATEMENT OF H. ELLIOT KAPLAN, NATIONAL CIVIL SERVICE REFORM LEAGUE

The CHAIRMAN. Let us hear Mr. H. Elliot Kaplan, of the National Civil Service Reform League next.

Mr. KAPLAN. Mr. Chairman and members of the committee, as you know, the National Civil Service Reform League always has been interested in the problem of retirement of public employees. It was one of the earliest sponsors of a retirement system for the public service. The proposal was originally started as an idea to enable those who had really gotten to the point of superannuation to get out of the service in the most humane way possible; and it was such that ultimately brought about the plan of a pension system.

As a matter of good personnel practice I was surprised to hear somebody refer to the generosity of the Congress in the matter of pensions. I think it is more than that. I think it is a matter of good governmental practice in the handling of personnel. I think it is important that those who give their lives to the public service should be accorded an opportunity to leave the service, both from the point of view of the Government service itself as well as from the viewpoint of the individual affected, with a respectable means of continuing to live properly. Moreover, the Civil Service Reform League always has taken the position that the Government should be a model employer in that the salary scales should attract really competent persons to the service. The same is true in regard to retirement of Federal employees. The Government should make the pension

system adequate enough so that it would be appreciated that the Government service carries not only the emoluments of office and a certain prestige, but that he is going to be taken care of properly when he retires. One in the Government service has to forego during the period of his service certain advantages that he might have enjoyed in private industry during the cycles of good, bad, and indifferent periods of employment.

The bill before you seems to carry out a plan that has been largely in vogue in the more enlightened public jurisdictions and one that the league has advocated with the Civil Service Commission for a considerable time. I think it is unwise for the Government to lose valuable employees before they reach the maximum of usefulness. We have found that 70 years of age for compulsory retirement is sound. As a matter of fact we have had an interesting experience in New York recently, in that the law has been changed to permit the civil-service commission to allow persons beyond 70 who are in good physical and mental condition to continue in active service, subject to a showing of special need for the servicees of a particular individual. That has been the saddest experience we have had in a long time, because it opened the floodgates to imposition upon the public service itself, in that everybody concerned has been imposing upon his friends in official or prominent position to effect retention in the service beyond 70 years of age. That possibility has been unfair to the service as well as to the individual. I do not mind saying that it was a short-sighted policy on the part of public employees in requesting that privilege. Many have not lived long enough to receive the pensions for which they had hoped. Now the demand is just the other way—that there be compulsory retirement at the age of 70. I really think it would be better to require retirement at an earlier age. I think your bill does well to permit retirement at a lower age; and, when good reasons are shown, to permit retirement for disability or service disability. I should very much like to see the pending proposal adopted because I think it is eminently fair.

A comparison has been made here between social-security benefits and a retirement system for Government employees. I have heard that question asked many times and in many places. I do not think there is a true relationship between social-security benefits or old-age-assistance benefits or unemployment insurance and retirement systems in the public service. Social security is based upon an entirely different premise than retirement for service. I think the pension system of the Federal Government is more comparable to the pension systems of private industry, which are not associated with social security. There are many private corporations that are still maintaining their own pension systems in addition to social-security benefits. One is a basic means of taking care of people as modestly as the Government can stand; while the other is more than that. It is in a sense a reward for faithful service rendered.

The employees, we always have felt, should bear a part of the cost of a retirement system. We have always viewed this as a give-and-take proposition. Those of you who have had experience with retirement systems whereby the entire burden was placed upon government have lived to see those systems go bankrupt. That was the reason for consolidation of the pension or retirement systems in our State. Every independent system whereby the whole cost of it was borne by

the city, or which required only a very small contribution by employees went to the wall. On the other hand, the Government must contribute its share toward the cost of retirement of employees. It is only fair that there be a dual responsibility, both sharing it, with the Government paying the cost of administration and trying to match the contributions of the employees. Under that procedure nobody who is fair could complain.

I believe we understand public sentiment when we say that the public has supported a fair and adequate pension system for public employees based upon the premise the Government and the employees share the cost.

THE CHAIRMAN. You have referred to the difference between social-security benefits and civil-service-retirement benefits. You have, of course, had much experience in dealing with legislative bodies and the public. Do you not think that the average Member of the Congress would have a difficult experience trying to satisfactorily explain to his constituents why those in private employment have to pay 3 percent of their earnings into the social-security fund and receive a maximum of only \$85 a month benefit while one working for the Government at, say, \$1,600 a year and paying 3.5 percent of his pay into the civil-service-retirement fund receives a minimum benefit of \$1,200 a year. As a practical, political proposition, how would you justify that?

MR. KAPLAN. I do not think that is hard to explain to the man in the street. Under the Social Security Act—I have heard this explanation made—we are attempting to solve a social problem just as we try to solve relief payments. We do not grant relief on the basis of the most one would like to have, what everybody demands, but upon the basis of what the Government can afford to pay as it burdens industry with any general plan. That is all social security is. We are feeling our way with social security. I do not know what the maximum benefits we can give without more experience in the work. Until we know that we have to start and remain at a modest level. Secondly, we have to place the burden entirely upon industry and the employees. Industry itself has to be educated up to that level and so does the employee. The employee is not willing to make adequate contributions to social-security funds. In government we have had more experience along this line, because pension systems have been in operation there for many years. We have been able to determine with a reasonable basis of surety what is a proper actuarial basis for any pension system connected with public employment.

Our pension system in New York has been in operation since 1920, and it has shown the feasibility of determining the cost of pensions for a given class of workers. We always know the cost. I do not think we have reached that stage in social-security administration by a long shot.

THE CHAIRMAN. What is the rate of contribution in New York?

MR. KAPLAN. It ranges from 3 percent to 8.5 percent, depending upon the age of the employee and the service in which he is working.

The police have a special privilege. Their contributions have been 2 percent, but that is being increased to 5 percent. The firemen have not been making any contribution to their retirement fund, but they are now being required to contribute at the rate of 5 percent of their pay.

In connection with policemen and firemen the theory of pension was that such was a part of the risk incident to employment. The Government underwrote the risk in a day when those occupations were more hazardous than they are today.

STATEMENT OF WALTER L. DISBROW, JOINT RETIREMENT COMMITTEE, NAVAL GUN FACTORY, WASHINGTON, D. C.

Mr. DISBROW. I want to suggest this amendment to H. R. 3487: When dismissals on account of lack of work or funds are necessary in any of the departments, branches, or agencies of the Government, when such employees come within the purview of the civil-service-retirement law, that employees who have completed 30 or more years' service, and having reached the age of 60 years, shall be retired from the service before any employee who is not eligible for the benefits of the retirement law, by reason of not having completed the required service period, unless otherwise continued in the service by the President.

STATEMENT OF MRS. MARGARET HOPKINS WORRELL

Mrs. WORRELL. I am Mrs. Margaret Hopkins Worrell, president of the League of the American Civil Service—the only Government employees' organization whose officers serve without recompense.

Mr. Chairman and gentlemen of the committee; I believe I was the first person to advocate retirement at 60 years of age after 30 years' service some 15 or more years ago and, at long last, it begins to look as though it might be enacted under the Ramspeck bill, H. R. 3487. I am confident that representatives of other Government organizations will bear me out in the statement that very few Federal employees will take advantage of optional retirement unless they feel unable to properly perform their duties. We know that many, upon reaching the retirement age of 70, endeavor to remain for a longer period.

Although it is a well-known fact that superannuation is not a matter of age, that many are superannuated at 40 and 45 while others at 80 and 85 are as alert mentally and sometimes physically as are others of 50 and 60 years of age, nevertheless we believe retirement at 70 years of age should be mandatory.

We are inclined to agree with several others who have testified before your committee that retirement should be optional with the employee and for the same reason that in some cases personal prejudice or discrimination will undoubtedly occur on the part of administrative officers. We have seen too many such to think otherwise, notwithstanding the right of appeal to the Civil Service Commission.

Page 4, line 9, provides:

that no provision in this or any other Act relating to automatic separation from service shall have any application whatever to any elective officer—

In all fairness we ask why elective officers should not be subject to the same conditions imposed upon other employees of the Government?

Under this act an elective officer is given the right of option as to whether he desires to come within the purview of this act or not, and it is our opinion that if he accepts that option he should not be favored

with the further right to remain in the service until he reaches the age of 80 or 90 at his own discretion, therefore we recommend the striking out of lines 9, 10, and 11 on page 4.

In section 2 (b) on page 4, the question arises: Does this mean that an elective officer receiving an annuity under the provisions of this act cannot be appointed to any appointive office, position, or employment under the United States Government and his only recourse is to be reelected to office, or is it modified by clause (b) of section 3 and the President may exclude him from the operation of the act and appoint him to another position as is so often done when Congressmen fail of reelection?

We believe that refund of deductions, deposits, or redeposits should be at the discretion of the employee and we are also in favor of the 5 percent deduction from the basic pay.

Although the \$1 per month or \$12 per year tontine deduction from employees' pay is not under consideration in this bill I would like to say that it has always been strenuously opposed by our organization as it is unjustifiable and should be rescinded.

In 1930, when the Lehlbach bill was before the House, Representative McCormack called attention to the fact that it was illegal in 35 or 40 of the States and Mr. McReynolds acknowledged that although that amount was deducted from the pay of the lower-salaried employees they would never derive any benefit from it and yet it was strongly favored by the N. F. F. E.

Senator McKellar said:

I do not think the employees ought to be assessed with this dollar a month, but the Government ought to bear this proportion. The claim is made that the dollar a month is a small amount, and so it is from each employee, but taking all the employees together it amounts to about \$5,100,000 per year.

And last, I would like to say a word relative to the cost which is always considered by the Congress on the actuarial reports, but stop a moment and look back to the many mistakes made by the actuaries. When the retirement system was set up they estimated that it would reach the apex in 5 years and that if the Government did not contribute anything there would not be anything in the fund at the end of 8 years. The Government did not contribute anything to the fund for the first 8 years and still it continued to grow—then they estimated that 10 years would be the limit and time proved they were wrong for the fund grew and grew, therefore we urge you gentlemen not to put too much faith in actuarial estimates of the cost of this bill.

With the few suggestions I have made for certain amendments we are in favor of H. R. 3487, and I thank you.

THE CHAIRMAN. The House is about to convene and it is therefore necessary that the committee recess until 10 o'clock tomorrow morning.

(Thereupon at 11:55 a. m., Tuesday, June 3, 1941, the committee adjourned, to meet at 10 a. m., tomorrow, Wednesday, June 4, 1941.)

GENERAL RETIREMENT

WEDNESDAY, JUNE 4, 1941

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE CIVIL SERVICE,
Washington, D. C.

The committee this day met at 10:30 a. m., Hon. Robert Ramspeck (chairman) presiding, for further consideration of bills proposing to amend the Civil Service Retirement Act.

STATEMENT OF WILLIS A. BOHALL, NATIONAL PRESIDENT AND LEGISLATIVE REPRESENTATIVE OF THE NATIONAL ASSOCIA- TION OF POST OFFICE AND RAILWAY MAIL SERVICE LABORERS

The CHAIRMAN. The first witness this morning is Mr. Willis A. Bohall, representing the Post Office and Railway Mail Service Laborers.

Mr. BOHALL. Mr. Chairman and members of the committee, my association, at its last convention, in 1939 requested that I work for a retirement bill at the age of 60. I appreciate the difficulty Members are placed in many times by various organizations requesting certain age limitations, deductions, and so forth; and I know that it is going to require a spirit of cooperation among all of us if we are to arrive at any bill that is going to be favorable to our members.

I think the bill introduced by Mr. Ramspeck carries some very good features. Probably all the bills introduced to give additional benefits to the civil-service employees carry merit; and I should like to support every phase of every bill that carries benefits for our employees.

There has been some talk that the bill that may be reported out or receive the favorable consideration of the committee will provide optional retirement at 55 at a reduced annuity, at 60 years after 30 years' service, and compulsory retirement for all groups at 70 years of age.

There are several angles to a bill. If the chairman will permit, I will bring in a human side that I have considered a great deal within the last 2 or 3 months. My father was a wage earner and he worked in a factory, retiring July 1. He was more than 71 at that time, and he died about March 14 after he had reached the age of 72. I went to visit him the Sunday before he died and he said:

Son, the reason I am going to pass to the Great Beyond is because I had to retire. I have always been used to hard work and when the factory told me at the age of 71 I was compelled to retire—and not having adjusted myself to a life of leisure—I, of course, had nothing to occupy my time and, therefore, there was not anything for me to do but worry about the things that were going to happen to me even though I was out of service on a small pension.

You might wonder why I mention that incident. In my own station, after 18 years' service, there are only four men remaining alive in the labor group drawing pensions. One colored man retired May 1. He had worked in the service about 40 years and he left it at the age of 65. He could have retired at the age of 63, but he did not choose to do so. In talking with him I said: "You could have retired at 63 and began drawing \$100 a month pension. Continuing to work means that you have to come here at your own expense and work every day for a little more than \$28 a month." He paid his own transportation. He came down there with the idea that he did not want to retire, step out of the service with nothing to do. He had the eager desire to work so long as he could. We do not want that. There are many men who would like to work until they reach the age of 70 and there are still others who would retire after 30 years' service regardless of age. I am one of those who would retire after 30 years' service regardless of age; and, yet, as I have said, there are those who want to remain on until they reach 70.

It seems to me that Mr. Ramspeck's bill is a compromise between the two considerations. It would permit one to retire at 55 or 60 or remain until he reaches the age of 70.

Whatever bill is favorably reported I hope it will be the best one for all of us. I should like to see you give us something that is as liberal as practicable. I know that anything we may get will probably be a compromise agreement. You members are going to be called upon to do some things you do not want to do, and there are some things you want to do. Whatever bill you favorably report, I hope you will remember that the employees have a very deep interest in any retirement legislation.

I cannot say that I want a bill to retire at the expiration of 30 years' service and age 60 mandatorily, because there are many, as I have suggested, who would like to remain in service until they reach 70.

Our association asks that we work for a bill that would permit retirement at the age of 60, and it seems to me that H. R. 3487 would permit retirement at that age.

There is another factor in this matter that is very important, namely, the amount to be deducted from the employees' wages. We know there are thousands of Federal workers who pay 3.5 percent of their pay to help maintain this retirement fund. Many of those cannot eke out an existence, especially in the large cities like Washington, Baltimore, Philadelphia, New York, Boston, Chicago, Los Angeles, if they are to be further burdened with expenditures.

I know instances where wives and children of Federal employees have to go out to work and take in laundry to augment the earnings of the heads of families. That is not as it should be, I maintain. What will happen if you increase the deduction from wages on account of the retirement fund from 3.5 to 5 percent? It will simply mean that many women, wives of these worthy Federal workers, will have to sacrifice more of the home life and go out and do things that they should not be called upon to do if the income of the head of family were sufficient to maintain the family upon a proper basis. I think these things should be very carefully considered, as I am sure they will be. Personally, I object to increasing the deduction from wages on account of the retirement fund to 5 percent. I think the deduction should remain at 3.5 percent of the income.

Mr. McNutt, head of the Social Security Board, has been speaking very widely during the last few months concerning social problems and he has said that there are in the United States today 45,000,000 persons who are undernourished. I am sure that many post-office and railway-mail-service laborers are in that status, regrettable as it may be. To increase this deduction will inflict an additional hardship upon many postal workers, certainly the groups which I represent, and I hope you will not do that.

Our association can willingly go along with many of the provisions of the pending bill, but we do object most respectfully to an increase of from 3.5 to 5 percent in the deduction to be made from the wages of Federal employees on account of the retirement fund.

We do hope that in any bill you may favorably report you will be as liberal as practicable and give us something that will afford a real benefit for the Federal workers.

In conclusion, I might say that while we are objecting to an increase in the employees' deduction from 3.5 to 5 percent, I do not want it said that our association stood in the way of favorable committee action. If, in the opinion of the members of the committee and other organizations, the proposed increase is necessary, then our association will go along with it.

I want to add that while we feel that some employees might desire to remain in their respective positions until they are age 70, our cause might be served best if the retirement age remain mandatory, as at present. However, we do appreciate the splendid efforts of the able chairman, Mr. Ramspeck, to do the very best possible for all, and we therefore place our cause in the hands of his committee to work out the very best bill possible, keeping in mind the hardships that will be placed upon the low-paid groups. We know that the chairman will in his own able manner work for the best interests of all concerned.

I wish to thank the chairman and the members of this committee for their favorable consideration and thank each for the privilege of appearing before the committee.

The CHAIRMAN. If there are no questions, we thank you very much for your statement, Mr. Bohall.

STATEMENT OF CHARLES I. STENGLE, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

The CHAIRMAN. Mr. Stengle is next.

Mr. STENGLE. Mr. Chairman and members of the committee, I shall be brief in my observations in support of H. R. 3487.

I noticed yesterday in questions by some of your members that there seemed to be a disturbing element in their minds concerning the cost of this bill; and request was made, and I think rightly so, that the cost calculations be brought up to 1941. After 18 or 20 years of reading actuarial figures I want to call this committee's attention to one fact, namely, that actuaries may be a necessary evil, but their figures are not always accurate. Actuaries base their figures largely upon the assumption that everybody would do the same thing at the same time. For instance, on a basis of 60 years' optional retirement they go upon the assumption that everybody in the service will immediate retire at 60 years of age and, therefore, the cost will be so much.

During the last 18 years I have been observing the operation of retirement systems, not only in the Federal Government but in the city of New York, and I have discovered that a very small percentage of public employees ever voluntarily retire. In fact, it was put in the record here only yesterday that the last report showed something like 780 employees had been optionally retired during the last year out of a total of 600,000 Federal employees. That is, of course, infinitesimal. And yet when you get actuarial figures based upon the assumption that all are going to quit the service as soon as possible with an annuity you get something like \$14,000,000 or \$15,000,000, which scares the economy-minded members of any committee. I make reference to this because I believe that when you meet in executive session you should bear that condition in mind.

I want to place our organization on record as being particularly gratified by the proposed amendments submitted here yesterday, because I believe that they, with the bill as originally introduced, will bring to pass the introduction of perhaps the best retirement bill we have had over a period of many years.

I do not like to call retirement a pension. I rather think of it in terms of deferred payment. In our organization we have thousands who are working at \$1,200 or less a year. I wonder sometimes how they are able to provide homes, happiness, recreation, education, and so forth, for their children. I would rather consider retirement pay in terms of deferred payment for faithful and efficient service rendered.

I am particularly gratified that there are so many elements in this bill that are beneficial. At 55, under a prorata, a man can quit after 30 years' service; at 60 he can retire on the full amount. Some complain that they do not favor a Government option at the same time that the employees exercise or would exercise or could exercise the option. I am not and have not been disturbed by a Government option because, at present, if the Government wants to get rid of an employee there are ways to do it without invoking a retirement option. So that you are benefiting rather than injuring an employee by putting into this bill a Government option exercised under the supervision of the Civil Service Commission, which has the final authority to decide whether the Government option is fair and square.

There are bills before this committee having in view widows' pensions or retirement pay to widows after their husbands have passed away. I appreciate that, and I only wish it were possible that provision might be made in the pending bill for such a grant, but it would greatly add to the cost and might in some way this year hinder the passage of this other much-needed legislation.

The proposed deduction of 5 percent of salaries on account of the retirement fund does not seem to have disturbed any of our members. We have not received a single complaint from our 35,000 members throughout the United States against paying an additional cost for additional benefits, because this bill adds greatly to the value of the retirement law; and we must recognize in this day that whatever we get that is worth anything must be paid for. Even our \$1,200-a-year employees are not complaining against an increase in the deduction on account of the retirement fund from 3.5 to 5 percent.

In conclusion, Mr. Chairman, I want to place the American Federation of Government Employees, which organization is affiliated with the American Federation of Labor, wholeheartedly behind your bill with the suggested amendments.

The CHAIRMAN. Are there any questions? (After a pause.) Apparently not. We thank you very much for your interesting statement, Mr. Stengle.

STATEMENT OF LUTHER C. STEWARD, PRESIDENT OF THE NATIONAL FEDERATION OF FEDERAL EMPLOYEES

The CHAIRMAN. Mr. Luther C. Steward, president of the National Federation of Federal Employees, is next.

Mr. STEWARD. Mr. Chairman and members of the committee, I am also authorized to speak for the National Rural Letter Carriers' Association, the National Association of Postal Supervisors, and the United National Association of Post Offices Clerks, which organizations, with my own, compose the National Legislative Council of Federal Employee Organizations.

We are supporting H. R. 3487 because, in our considered judgment, it represents substantial, constructive improvement of the Federal civil-service retirement system. It contains some particularly valuable provisions; notably provisions for optional retirement with full annuity after 30 years' service at age 60, after 15 years' service at 62 years of age, with proportional annuity, and provides for those involuntarily separated from the service at age 55 or over, after 30 years service, an immediate annuity at the present worth of a deferred annuity at age 60.

To these liberal optional features, is attached the double option which may be exercised by administrators, adequately safeguarded by right of appeal to the Civil Service Commission, whose judgment shall be final. The retirement feature on account of disability, over which the Civil Service Commission has final judgment, had led to general satisfaction.

With these optional features, the extension of the compulsory age limit to 70 constitutes an excellent investment on the part of the Federal Government, in that it may continue to receive the valuable service of veteran men and women employees who are physically and mentally capable of carrying on their duties up to the best possible standards, while at the same time affording those who feel that they can no longer carry on the burden of every-day work, or who, in the judgment of the administrative officials cannot successfully carry on, the opportunity of retiring on fairly liberal terms.

We are unable to see how there can be objection on the part of employee groups to fixing the general compulsory retirement age at 70 when those employees who wish to retire at the earlier age may do so on full annuity.

Another feature of H. R. 3487 which appeals very strongly to us is the extension of the scope of the Federal Civil Service Retirement Act to all employees of the legislative, executive, and judicial branches of the Government, with the exception of a very limited few, and authorizing the President to except from the provisions of the Federal Civil Service Retirement Act employees of intermittent or purely temporary character. This will permit the bringing in of a substantial number of employees who are at present without the retirement system; it will give creditable service to seasonal employees who at present have no retirement coverage; and it will eliminate the necessity of making other provision for old-age security for the groups of

Federal employees who are not now within the Federal Civil Service Retirement System.

We are thoroughly in accord with the proposed amendments offered by the President of the Civil Service Commission.

The chairman suggested yesterday that there are two matters to be considered in addition to the bill as it appears in print. One is the question of a proposed amendment to section 7 where employees who have served for a period of not less than 5 years become separated from the service, their contributions, together with the contributions of the Federal Government at the rate of \$30 a year, are retained to grant them a deferred annuity. The proposal of the Civil Service Commission to make that provision apply only to cases arising hereafter, recognizes that those employees who have been in the retirement system since 1920, or at any rate, before the enactment of the present legislative proposal may feel that they had an equitable right to withdraw their contributions. With that proviso, those who so desire might withdraw their contributions; and that number, variously estimated at from 10 to 20 percent, would in nowise interfere with the operation for the great majority, and the future would take care of the situation.

We are thoroughly in accord with the proposal of the Civil Service Commission, that is in line with the recommendation of the President's committee, headed by Mr. Justice Stanley Reed, for continuing the Federal Government's contribution for a period in excess of the present 30 years. The proposal to continue that contribution for a maximum of 35 years and then use the formula multiplying the highest 5 years' continuance allowable service by 35 and dividing by 70 would, to a certain extent, remove the admitted discrimination which has run from the first retirement act in respect of those in the higher-salary brackets who, while contributing a much larger sum, have received no corresponding additional benefits. It would be in line with practically all other retirement systems for public employees in other jurisdictions.

We feel that H. R. 3487, with the suggested amendments as referred to, represents the most practical approach to perfecting our present retirement system which we may reasonably expect can be enacted into law at the present time. Therefore, we heartily endorse it.

The CHAIRMAN. Are there any questions? (After a pause.) Apparently not. We thank you very much for your interesting statement, Mr. Steward.

STATEMENT OF GEORGE P. BARSE, FEDERAL BAR ASSOCIATION

The CHAIRMAN. The next witness is Mr. George P. Barse, representing the Federal Bar Association, Washington, D. C.

Mr. BARNES. Mr. Chairman and members of the committee, I shall be very brief in stating that the Federal Bar Association, which is composed of attorneys in the employ of the Government, at its annual meeting last May 5 endorsed this bill and recommended its passage, with the single exception which I believe has been adopted here by way of an amendment permitting those in the service to withdraw their accumulations upon separation, and having the impounding feature apply to those coming into the service after the passage of the bill.

Our association has no objection to increasing the deduction on account of the retirement fund to 5 percent of salaries. We believe that is only fair, because the bill does confer added benefits, and we feel that they should be paid for to the extent indicated.

We are wholeheartedly in favor of H. R. 3487.

I should like to make part of the record a letter to your chairman from the Federal Bar Association concerning this matter.

The CHAIRMAN. We shall be glad to have it.

Mr. BARSE. It says:

THE FEDERAL BAR ASSOCIATION,
Washington, D. C., May 19, 1941.

Hon. ROBERT RAMSPECK,

Chairman, Committee on the Civil Service,

House of Representatives, Washington, D. C.

DEAR MR. RAMSPECK: It is my privilege to inform you that at the annual meeting of the Federal Bar Association held in Washington, D. C., on May 5, 1941, the members present voted to endorse the provisions of H. R. 3487, with the suggestion that it be amended to provide that those persons in the service at the time it should become law should be permitted to withdraw their accumulations in the retirement fund upon absolute separation from the service. It was the sense of that meeting that it would be proper to provide that those who enter the service after the passage of the bill be not permitted to withdraw their accumulations upon separation.

I take the liberty on behalf of the association, to express our appreciation for your attendance and the interesting and able address you made. To this may I add my own personal compliments.

Sincerely,

DAVID S. DAVISON, *Secretary.*

Mr. DOWNS. How many members has your association?

Mr. BARSE. They are scattered all over the country, and I think there are about 1,500. I could obtain the exact number.

The CHAIRMAN. If there are no further questions, we thank you kindly for your statement, Mr. Barse.

STATEMENT OF WILLIAM I. HORNER, PRESIDENT OF THE NATIONAL FEDERATION OF POST OFFICE CLERKS

The CHAIRMAN. Mr. William I. Horner, legislative representative of the National Federation of Post Office Clerks, is next.

Mr. HORNER. Mr. Chairman and members of the committee, at the outset I wish to thank you for the opportunity of appearing before the committee on this important subject.

At the last national convention of the National Federation of Post Office Clerks, held in Houston, Tex., September 4-9, 1939, resolutions were adopted pertaining to retirement legislation, which resolutions read as follows:

Whereas the inelastic mandates imposed upon the executive committee of the National Federation of Post Office Clerks by previous conventions have made cooperation with representatives of other groups of Federal employees difficult, if not impossible; and

Whereas this difficulty of concerted action by all groups of Federal employees is in no small measure responsible for the dearth of liberalized retirement legislation in recent years, since any legislation upon which these various groups are not in agreement has small prospect of enactment: Therefore be it

Resolved, That in order to expedite cooperation among the various groups of Federal employees in seeking liberalized retirement legislation, with optional retirement after 30 years of service and mandatory retirement at the age of 60 as the ultimate goal, the executive committee of the National Federation of Post Office Clerks be, and is, hereby given a wider latitude of discretion than heretofore with regard to formulating such legislation; and be it further

Resolved, That it is the sense of this convention that any retirement legislation to qualify as liberalized or acceptable must contain or be a step in the direction of one or more of the following objectives:

1. Guaranty of reemployment of recovered disability retirees.
2. Uniformity of compulsory retirement ages.
3. Optional retirement after 30 years of service.
4. Mandatory retirement at the age of 60.
5. Optional provision for dependent survivors.
6. Granting of accumulated sick leave before retirement.

Then there was this further resolution:

Whereas there are many proposals, suggestions, and demands for increased benefits under the United States Civil Service Retirement Act; and

Whereas it is evident and advisable that increased monetary means be provided to sustain these benefits when and if they become parts of the act; Therefore be it

Resolved, That the National Federation of Post Office Clerks, in convention assembled in Houston, Tex., in September of the year 1939, endorse a proposal to increase the deduction from employees' wages to approximately 5 percent to provide means for the financing of these various proposals.

The principal bills before the committee for consideration today are H. R. 1846, by Representative Randolph, which has long been an objective of our organization; H. R. 3322, by Representative Shafer; and H. R. 3487, by the chairman of this committee, Representative Ramspeck. H. R. 1846 provides for optional retirement after 30 years of service and automatic retirement at age 60 for all groups, regardless of roster title, and thusly differentiates itself from the present law or other bills under consideration. H. R. 3322 provides for optional retirement after 30 years of service, the option to be exercised by the employee. H. R. 3487 is much more extensive, makes several changes in the present law, and provides, among other things, for: 1. Automatic retirement at age 70 for all groups after 15 years of service. 2. Optional retirement after 30 years of service at age 60 for all groups. 3. Optional retirement after 15 years of service at age 62 for all groups. 4. Optional retirement after 30 years of service at age 55 on an annuity based on the present worth of a deferred annuity at age 60, at the option of the employee. 5. Employees becoming involuntarily separated after 5 years of service would be entitled to a deferred annuity beginning at the age of 62. 6. The option, after reaching 60 years of age, could be exercised by either the Department or the employee with the right of appeal by the employee when exercised by the Department. 7. Deductions of 5 percent from the basic salary of employees instead of the present 3½ percent.

Many of the proposed changes as provided for in this bill are desirable. It has been the policy of our organization, however, for the past several years, to direct its efforts toward lowering of the automatic retirement ages and we do not believe the reasons which have been advanced therfor are unjust or without foundation. A noted Washington columnist recently said:

A check-up on the longevity of annuitants after retirement would prove that too often retirement benefits are merely a will-o'-the-wisp for which a clerk works a lifetime and then lives but a few days or months to enjoy.

The enactment of retirement legislation is not an emergency measure and the fundamentals are presumed to be permanent in their nature. However, as the wisdom of the Congress may direct from time to time, the details could and should be improved in keeping with the demands of time and an advancing civilization. In this the welfare of the employees, the service, and the general public should be taken into

consideration. It is our contention that any legislation which has been enacted for the benefit of the personnel has ultimately inured to the welfare of the service and as well to the public. In our opinion, this contention cannot be successfully challenged.

We are profoundly cognizant of the fact that desired legislative objectives are seldom accomplished at any one time by single legislative enactment. The principle is usually first established and then improved upon from time to time. Such, so far, has been the procedure with reference to retirement legislation.

It will, therefore, be noted that the action of our national convention on this important subject, as embodied in the resolutions previously referred to, sets forth that it is the sense of the convention that any retirement legislation to qualify as liberalized or acceptable must contain, or be a step in the direction of, one or more of the six objectives outlined therein, and tend toward the ultimate objective of 30-year optional retirement and automatic retirement at age 60.

The attitude of the Congress heretofore has been in harmony with the embodiments of that resolution. In substantiation of that claim and other contentions which have been advanced, I should like to set forth excerpts from an editorial appearing in the June 1941 issue of our official magazine, the Union Postal Clerk, commenting upon H. R. 3487:

There is much in the Ramspeck bill that would prove of considerable added value to employees.

Ever since the enactment of the first retirement law, all organizations of Government employees have striven to constantly improve and liberalize its terms. One of the principal objectives has been the right to retire at the employee's own option after 30 years of service.

When the original law was in the making, one of the most difficult problems was the determination of the age of superannuation. It was finally decided that age of retirement should be set at 70 years of age with the provision that employees should be permitted to remain in the service for 2 years beyond that age at their own request and the approval of the head of the Department or agency in which they were employed. Further extensions for 2-year periods could be secured in the same manner for the first 10 years of the retirement system but after 1930 only two extensions for a total of 4 years were to be allowed.

Post office clerks and city letter carriers, however, felt that 70 years of age was too advanced and argued that because of the nature of their work superannuation comes at an earlier age and were successful in having the age of 65 years as the automatic retirement age for their and some other groups adopted. Upon similar representations the railway mail clerks, employees in the navy yards and arsenals and others in hazardous occupations secured an automatic age of 62 years.

Effective July 1, 1932, the privilege of extensions in the service beyond the automatic retirement age were discontinued except upon Executive order by the President.

The act of May 29, 1930, provided that employees who have performed at least 30 years of service may retire at their own option 2 years before reaching the automatic retirement age. Post office clerks may retire, therefore, at their own option upon reaching the age of 63 years provided they have at least 30 years service to their credit.

Optional retirement after 30 years service or even the lowering of the retirement age has been slow and difficult, due to the increased cost. The cost estimates for optional retirement after 30 years service without regard to age have been staggering. As the cost estimates are prepared by the official actuaries of the retirement fund, without conclusive proof of their fallibility they are accepted by the Congress.

It is usually the case that legislative objectives must be approached by successive steps rather than in one jump. Optional retirement at 60 years of age, and the privilege of optional retirement at 55 years of age on a reduced annuity is a step toward the ultimate objective. The right to appeal to the Civil Service Commission in cases of request by the Department for retirement of employees is a protection against abuse.

The editorial further reads:

Increase in the automatic retirement ages of the 62- and the 65-year-age groups is a step backward to the original intention of 70-year retirement. The privilege of optional retirement at 60 years of age and 30 years of service or 62 years of age and 15 years of service is intended as an offset to the increase in the automatic retirement age. It is held that, as it is recognized that superannuation is not a matter of age alone, fairness to both the employee and the servicee requires some flexibility in the age requirement; that giving the employee the right to retire at his own option at 60 or 62 years of age removes any possible injustice to the employee as he could be retained in the service after those ages only upon his own volition; that given the desire on the part of the employee to remain in the service and his ability to render satisfactory and efficient service, the servicee itself would benefit by the retention of his experience and skill and the retirement fund would benefit by the longer period of contributions to the fund and the shorter period of payment of annuities.

Mathematically such arguments are conclusive. There is more, however, to be considered than mathematics. The shortening of the workday, the work-week, and the workyear has been a steady process, and its universal benefits to society are established beyond doubt or cavil. The same principle should be applied to shortening the work-life and the potential benefits of such application are as great.

During the years of the depression temporary legislation was enacted which granted the right to employees having 30 or more years of service to retire regardless of age and during that period many were forced to retire. Doubtless the motivating factor behind that legislation was the vast army of unemployed, which was variously estimated at between ten and twelve millions. Probably 50 percent of that number were below the age of 25 years, many of whom, through no fault of their own, could not get employment, and in many instances were supported by their parents in the Government service. This seems to us to be the inverted order of things. Conditions have, of course, materially changed since then, and the number of unemployed has been reduced because of the existing national emergency. When this is over, we may again be confronted with the same problem.

It is, therefore, our hope that the committee, in considering the proposals before it, will give serious consideration to lowering rather than raising the automatic retirement ages.

It has been mentioned by one or two of the preceding speakers that another bill of great interest is before the committee but not being considered now, of course. While I am profoundly appreciative of the fact that you are not considering that legislation, yet I feel that I would be remiss in my duty if I did not say something in regard to H. R. 1847, which provides, as we believe, for the establishment of a very conservative widows' annuity; and, in view of the fact that the trend of Government action is toward protection of the widows and children of employees in private industry, I do hope that the time is not far distant when this committee will give consideration to that important proposed legislation.

I again thank you, Mr. Chairman and members of the committee, for this opportunity of appearing before the committee.

The CHAIRMAN. Your organization has always supported the principle of extensions, has it not?

Mr. HORNER. Just what do you mean?

The CHAIRMAN. Extension of service beyond a mandatory age limit.

Mr. HORNER. No. Our organization has always opposed that principle.

The CHAIRMAN. Did you not support that practice 2 years ago when the Neely bill was before the Senate?

Mr. HORNER. No. We supported many phases of the Neely bill, but we did not support that phase of any bill that tended toward extensions in the service.

The CHAIRMAN. Were you in accord with the action of the Congress in the Economy Act denying extensions of service?

Mr. HORNER. That was not in the economy act, as I remember. The extensions were abandoned before the economy act.

The CHAIRMAN. There were two economy acts, one in 1932, and that is the one, as I recall, that stopped the extensions of service.

Mr. HORNER. I believe that is correct.

The CHAIRMAN. You realize, of course, that the provision of H. R. 3487 permitting service beyond 65 years of age for postal clerks is a principle similar to the extensions of service we had prior to 1932, do you not?

Mr. HORNER. It is raising the automatic retirement ages for our group.

The CHAIRMAN. Providing an employee were able to carry on, which was the principle involved in extensions of service.

Mr. HORNER. Yes.

The CHAIRMAN. Have you given any consideration to a lower mandatory retirement age on entering the civil service?

Mr. HORNER. I do not follow you.

The CHAIRMAN. One has to have 15 years' service to qualify for retirement with an annuity. If we made a mandatory retirement age 60, as your group advocates, it would mean that nobody who entered the service after 45 years of age could qualify for a retirement annuity; and that would place upon the Civil Service Commission the burden of denying opportunity of employment to those above 45 years of age, which denial has in the past caused considerable criticism throughout the country. Only within recent years have the age limits for employment been raised, and that was due to pressure from many sources. At present, when the retirement age is fixed at 70 years, one must enter the service by the time he is 55 if he is to receive an annuity upon retirement. Have you given consideration to that question in connection with your advocacy of 60 years as a mandatory retirement age?

Mr. HORNER. The present law makes provision for those who entered the service late in life and do not have time enough to finish 15 years' service before retiring and receiving an annuity. It permits them to go beyond the age fixed by law. We have no objection to that.

Referring to the 60-year age limitation, we understand, of course, that the cost is a factor to be considered in connection with that; but, on the other hand, the Congress has, I believe, in its wisdom, ever since the enactment of retirement legislation, tended toward lowering the automatic retirement ages and doing away with extensions rather than increasing them.

The CHAIRMAN. I think that is debatable. It was done as part of the economy program largely due to the fact that the Postal Service had a surplus of employees and it was the desire of the Congress not to dismiss or separate those employees from the Service, and as an alternative the Economy Act provided for retirement after 30 years'

service. Nine thousand employees, mostly postal workers, were retired under that provision of the Economy Act, and it is going to cost the retirement fund \$100,000,000 before we get through with that consequence. That was not an economy at all. It was a misguided policy in the interest of humanity; but it did not effect any economy.

With reference to the resolutions passed by your organization, I think they are the most sensible approach to the problems involved; and I think it is a great mistake for any convention of employees to tie their officers down to a rigid program connected with such a conflicting matter. I congratulate your organization for its sensible action.

Mr. HORNER. I thank you kindly for those remarks, Mr. Chairman.

STATEMENT OF FRED L. HAWLEY, THE NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES

The CHAIRMAN. Let us hear Mr. Fred L. Hawley, of the National Association of Retired Federal Employees, now.

Mr. HAWLEY. Mr. Chairman and members of the committee, I am secretary of the National Association of Retired Federal Employees, representing approximately 5,000 retired Federal employees whose membership is paid up; and we feel that we speak for a similar number who have written to us stating that while they are in sympathy with our work and would like to join with us, they are unable to do so because of the small annuity received. These cases represent retired Federal employees receiving annuities of \$50 per month and less who have to support themselves and their wives and in some few instances minor children.

While H. R. 3487 does not directly affect the retired Federal employee, from experiences as former employees we believe it is a step in the right direction. We particularly recommend the lowering of the voluntary retirement age and the raising of the compulsory retirement age. If such a change is made, it is our opinion that there will be a very small percentage who will take advantage of it. This belief is based upon the fact that very few employees take advantage of the present optional retirement ages. On the other hand, it will allow those to retire who are in poor physical condition but not so bad as to be retired on account of disability.

We also approve the impounding clause, provided it is amended as suggested by Chairman Ramspeck to make it optional with the employee at time of leaving the service.

H. R. 1847, providing annuities for widows of deceased Federal employees, is of considerable interest to us, as it represents what we have been advocating for several years. H. R. 216, introduced in the first session of the Seventy-sixth Congress, is representative of what we would like to see passed. We would, therefore, suggest that H. R. 1847 be amended by striking out all that part of the bill after the comma, page 1, line 2, to and including line 9, page 2, and substitute therefor that part of H. R. 216 referred to above, beginning with line 3, page 1, to line 2, page 2, then follow with section 3 of H. R. 1847 and then insert section 2 of H. R. 216. We strongly urge the passage of such a bill.

S. 203, while not before this committee, we believe, should be included as an amendment to H. R. 3487. S. 203 is a bill to exempt the

annuities of retired Federal employees from the Internal Revenue or income tax. This could be accomplished by including it in H. R. 3487 to amend section 18 of the Civil Service Retirement Act of May 29, 1930, making that section read as follows:

SEC. 18. None of the moneys mentioned in this act shall be subject to any tax or be assignable, either in law or equity or be subject to execution, levy or attachment, garnishment, or other legal process.

Such an amendment should also be made in the Panama Canal Retirement Act (Public, 781, 71st Cong.), and the Alaska Railroad Retirement Act (Public, 836, 74th Cong.) to exempt their annuities from the Federal income tax.

Such exemption is provided under section 12 of the Railroad Retirement Act (Public, No. 162, 75th Cong.). See section 12 of that act.

Also we believe all military pensions and the salaries and annuities paid to employees of the various States are exempt from Federal tax and it does not appear fair to exempt all these and require the Civil Service, Panama Canal, and the Alaska Railroad employees to pay such a tax.

The increase in cost of living, caused by the preparedness program and present world conditions, has reduced the purchasing power of the annuitant's dollar to a considerable extent and is a very good reason why his annuity should be left intact.

We hope the members of this committee will look with favor upon these matters presented and recommend them for additions to H. R. 3487 now under consideration.

The reason we suggest amending H. R. 1847 is because we do not believe that pensions should be granted to all widows of deceased employees. We feel that such should be granted to dependent widows only. We have many cases wherein widows have no means of support after their husbands pass away, while there are other cases in which the widows have means of support and do not need a pension.

Mr. JACKSON. What is the average age of those retired in your group?

Mr. HAWLEY. I cannot answer that question. Perhaps Mr. Fisher will be able to tell you.

The CHAIRMAN. We can get that information from Mr. Fisher.

Mr. JACKSON. It is your belief, in connection with H. R. 1847, that only those widows who are actually dependent should be given pensions, I believe.

Mr. HAWLEY. Yes.

Mr. JACKSON. How many widows have independent means?

Mr. HAWLEY. That would be hard to learn.

Mr. JACKSON. If that had to be determined, would not the cost of administration be very high?

Mr. HAWLEY. I do not think so. The bill introduced a year ago left that matter to the retirement section of the Civil Service Commission. That is similar to some provisions in the military establishments where officers receive additional pay on account of dependent parents or others. All those officers have to do is show that their parents are actually dependent upon them and then the officers receive additional pay on that account.

Mr. JACKSON. So far as income tax is concerned, do not all recipients of annuities receive exemption?

Mr. HAWLEY. No. A single man drawing \$900 or \$1,200 a year has to pay an income tax on all above \$800.

Mr. JACKSON. Generally speaking, I take it, the annuitants are not single men.

Mr. HAWLEY. There are many who are single. Many maiden women have been retired.

Mr. JACKSON. Is not the income tax practically negligible?

Mr. HAWLEY. If one receives an annuity of \$1,200 a year and he is single, he has to pay 4 percent on all above \$800. If one receives \$1,000 a year and he is single, he has to pay, under current law, an income tax of \$8.

Mr. JACKSON. Why should the unmarried annuitant be in a different class than any other person?

Mr. HAWLEY. Why should he be in a different class than those who draw a railroad retirement pension? In considering the first retirement act it was believed that the annuity would not be subject to income tax, but the Commissioner of Internal Revenue decided differently. The railroad workers had the clause exempting them from payment of income tax inserted in their act, I believe. Why should all the military and naval pensions be exempted from income tax and the annuitants of the civil service be subjected to it?

Mr. JACKSON. I am not saying they should be.

The CHAIRMAN. How long have you been retired, Mr. Hawley?

Mr. HAWLEY. I have been retired since 1933. I was forced to retire by the Economy Act of 1932.

The CHAIRMAN. At what age did you retire?

Mr. HAWLEY. I will be 62 in July.

The CHAIRMAN. You retired at 54 years of age?

Mr. HAWLEY. Yes; the Economy Act did not in fact effect economy in some instances.

The CHAIRMAN. The Government has lost a lot of good work by retiring you.

Mr. HAWLEY. Yes.

Mr. DOWNS. In what branch of the service did you work?

Mr. HAWLEY. I was in the General Accounting Office. I worked with Navy and Interior Department accounts. I was chief of a section there many years.

The CHAIRMAN. If there are no further questions, we thank you very much for your interesting statement, Mr. Hawley.

STATEMENT OF JOHN W. JOHNSON, NATIONAL COUNCIL OF OFFICIALS OF THE RAILWAY MAIL SERVICE

The CHAIRMAN. Mr. John W. Johnson, vice president of the National Council of Officials of the Railway Mail Service, is next.

Mr. JOHNSON. Mr. Chairman and members of the committee, the group I represent is not very active in furthering legislation. As vice president and designated representative of the National Council of Officials of the Railway Mail Service, comprising a membership of some 331 superintendents and assistant superintendents of divisions, chief clerks and assistant chief clerks of districts and at large, and clerks in charge of sections in offices of superintendents in the field service, I want to make a statement on behalf of this group with a view to expressing interest in having inserted in H. R. 3487 some provision for extending the benefits of recommendation of the Special Committee appointed by the President to study the subject, as follows:

That annuities of employees having 40 years or more of service shall not be less than one-half of the highest average annual salary during any 5 consecutive years. For less than 40 years of service there shall be proportional minimum allowance.

The supervisory employees of the Railway Mail Service has a salary scale ranging from \$2,900 to \$5,400 per annum, averaging, at the present time, \$3,473.41 per annum. At the same rate of deduction from salary, these employees pay into the retirement fund an amount proportionately higher than the lower-salaried employees and, not unnaturally, they feel that this should be reflected in some measure in the annuities provided under the law.

The present law provides benefits of the nature indicated to accrue ultimately to the advantage of employees in the higher-salary brackets, but such benefits are out of reach of those who come up for retirement in the next several years. It has been argued from time to time that employees paying more into the retirement fund should, in equity, be allowed annuities proportionately higher or else there should be a limitation on the amount of salary that would be subject to deduction for retirement purposes.

The principle of granting annuities proportionate to salary received is recognized in the retirement allowances for officers of the Army and the Navy, who receive, upon retirement, three-fourths the amount of the advanced salary grade, and in the annuity schedules of large private corporations in the railroad and industrial world which, I am informed, provide annuities proportionately higher for the higher-salaried employees. This principle gives recognition both to length of service and to the official scale in providing higher annuities for their higher-salaried officers who have acquired social obligations that call for a higher scale of living.

Under the basic law, annuities have been set up on the ratio of three-fourths the average salary up to \$1,600 per annum for employees having 30 years or more of service. The recommendation of the Reed committee proposes a minimum annuity of one-half the highest average annual salary for any 5 consecutive years of service for employees having 40 years or more of service and a proportionately lower minimum for less than 40 years of service. Breaking this down, the ratio would be one-third less for a period one-third longer or, in other words, for employees having 30 years of service, the ratio would be just half that of the \$1,600-a-year salary group.

We are not unmindful of the efforts of your committee to deal fairly with all employee groups and the public as well in determining the annuity schedules, and we shall be duly appreciative of any consideration you may feel can consistently be given to the recommendation cited from the Reed committee report.

No poll has been made of our membership regarding other features of the bill dealing with the age limitation for optional and automatic retirement and contributions by the employees, but, speaking personally, I think these provisions will be generally satisfactory to them.

Mr. EDELSTEIN. Have you made any inquiry as to how those in the lower brackets feel about this matter in New York?

Mr. JOHNSON. No; I have not.

Mr. EDELSTEIN. I want to say frankly that a committee came to see me in New York and after its visit I had some people from the lower brackets come to see me and they opposed this proposal.

Mr. JOHNSON. I do not see how they could do that. Everybody is interested in equity.

Mr. EDELSTEIN. Later the leader of the group that objected withdrew his objection, and I asked him to write me accordingly, but he did not do so.

Mr. JOHNSON. I have not heard objection to this proposal from the lower-salaried groups.

The CHAIRMAN. What do the salaries in your group cover?

Mr. JOHNSON. They are from \$2,900 to \$5,400 a year. The average is \$3,473 each per annum.

Mr. DOWNS. How many are in your organization?

Mr. JOHNSON. There are 331.

The CHAIRMAN. If there are no further questions of the gentleman, let us thank him and hear the next witness.

STATEMENT OF PETER SNYDER

The CHAIRMAN. Mr. Peter Snyder, representing the field-service employees of the Immigration and Naturalization Service.

Mr. SNYDER. Mr. Chairman and members of the committee, I represent employees of the Immigration and Naturalization Service in all parts of the country, at all immigration stations and border ports. I have nothing to say beyond the fact that I have been instructed by my organization to come here and endorse H. R. 3487.

Mr. DOWNS. How do you stand on the proposed widows' annuity?

Mr. SNYDER. I am not able to give an opinion as to that, not having studied the subject.

The CHAIRMAN. Thank you for your statement.

STATEMENT OF E. A. MEEKS, SECRETARY-REPRESENTATIVE OF THE NATIONAL LEAGUE OF DISTRICT POSTMASTERS OF THE UNITED STATES

The CHAIRMAN. Let us now hear Mr. E. A. Meeks of the National League of District Postmasters.

Mr. MEEKS. Mr. Chairman and members of the committee, my organization covers postmasters in post offices of the third and fourth classes, in which there are 28,973 postmasters of the fourth class, and 10,067 postmasters of the third class, a total of more than 39,000, whose positions are now under the Civil Service Retirement Act.

It is a privilege to appear before this committee and to record the National League of District Postmasters as favoring the provisions of H. R. 3487. This measure is in line with a resolution unanimously endorsed by our 1940 national convention, in which we advocated optional retirement age at 60 after 30 years of service; and at 62 after 15 years of service; with 70 as mandatory retirement age provided the postmaster or employee had served not less than 15 years.

Postmasters are one of the most recent groups to be included in the purview of the Retirement Act, their inclusion becoming effective January 1, 1940, under the act of August 4, 1939.

Up to the present time, approximately 2,300 postmasters have been retired. This large number, of course, represents those in the service who had passed retirement age when the act became effective. There is an average of 34 retirements monthly since this date, or approximately 400 retirements among the postmasters annually.

It has been our experience since the inclusion of postmasters in the Retirement Act that the optional age of 68 after 30 or more years of service is extremely high and the act should be liberalized to provide for optional retirement at 60 and 62 as provided in H. R. 3487, which we believe will prove mutually beneficial to the employees and to the Government.

Under the present act, postmasters must serve until they have reached the age of 68, regardless of the fact that they might have served much in excess of 30 years. This requirement, of course, has proven unsatisfactory to many who do not feel physically able to continue in the service until they reach the age of 68. Yet, unless they are totally disabled and their retirement approved earlier, they must continue in order to receive benefits on leaving the service.

In some cases, the health of a postmaster or postal employee between the ages of 60 and 70 is impaired to a sufficient degree that they are unable to render as efficient service as would otherwise be possible, and it is apparent that partial disability is more frequent between the ages of 60 and 70 than during any other period. Therefore, it is believed that the lowering of the optional retirement age will provide a solution for this condition which will actually result in a more efficient service, as it would permit the postmaster to retire on the optional basis and the position be filled by one who is capable of rendering full and adequate service.

On the other hand, officers and employees, who have met the requirements for optional retirement but who are physically able to carry on and desire to do so, will be permitted, under the terms of the pending measure, to continue in the service, and this will result in many efficient employees, who are now being retired at the age of 65, rendering an additional 5 years of service to the Government, which will, in our opinion, offset, to a large degree, the additional cost that would result from providing a uniform optional retirement age and liberalizing the act as provided in the proposal now under consideration.

There is no doubt that this measure, if enacted into law, will prove beneficial to the thousands of postmasters and postal employees who entered the service early in life, and will prove beneficial to the Government by providing for the retention of competent and capable employees when they so desire beyond the age of 65.

Postmasters who were only recently included in the Retirement Act were gratified to be given the same protection provided for other employees. However, in the lower compensation brackets, the deduction of \$1 per month from the amount paid into the retirement fund is unfair to the postmasters who voluntarily resign from the service, as in many cases the amount to their credit in the retirement fund is not sufficient to cover this deduction. Therefore there is no balance due them.

There are approximately 10,000 fourth-class postmasters whose compensation is \$300 or less per annum. These postmasters pay in the $3\frac{1}{2}$ percent now required, many of them under the assumption that the amount will be returned to them should they leave the service, but on leaving the service they find that there is no balance due them.

We would like to recommend to the committee that the tontine charge of \$1 per month apply only to basic salary, pay, or compensation of not less than \$600 per year, thus making it possible to return to the postmasters and employees in the low-compensation bracket any amount deducted from their earnings, when they leave the service and are not eligible to deferred retirement benefits.

Mr. Chairman and members of the committee, I wish to thank you personally and on behalf of the members of the National League of District Postmasters for the privilege of being heard on this subject and may I express the hope that your committee will report favorably a measure providing for uniform retirement age.

STATEMENT OF JAMES V. MAHER, JR., THE NATIONAL CUSTOMS SERVICE ASSOCIATION

The CHAIRMAN. Mr. James V. Maher, Jr., representing the National Customs Service Association.

Mr. MAHER. Mr. Chairman and members of the Committee, our organization, composed as it is entirely of civil-service employees in the Customs Service of the United States, is vitally interested in the problem of civil-service retirement. We consider an adequate retirement law an essential adjunct of the merit system and our national conventions have not only gone on record repeatedly to that effect but have in the course of the years supported and advocated specific improvements in the pension system. Some of these changes are today incorporated in the law while others have yet to win congressional approval.

Our position, and we respectfully urge it upon the committee, is that a proper pension is sufficient both in time and amount. Sufficient in time in that it becomes operative not when the annuitant has reached so advanced an age that the prospect of approaching death overshadows his life and colors his thoughts, but earlier when his life expectancy is such that he can reasonably contemplate a span of years in which to devote himself to leisure pursuits. The 30 to 60 and 15 to 62 provisions of H. R. 3487 fill the need admirably in this aspect of the desirable pension system. In this particular, the bill is far-sighted and humane and we endorse it heartily.

As has been stated, we believe that a pension should be sufficient both in time and amount. It is in this latter particular that H. R. 3487, by continuing the existing method of computing the pension, falls short of our expectations. The present pension is not sufficient in many cases. We consider a man's retirement years to be in the nature of a tapering off period during which he can shed the cares and concerns of the workaday world and busy himself with the pleasant pursuits for which he never previously had time. Retirement time, then, is a pleasant time—a period of peace and enjoyment. Necessarily, it requires a modicum of security—a living wage pension so to speak. Surely there can be none of the contented absorption in leisure pursuits which we like to associate with the retirement period if separation from the service is accompanied by such a drastic reduction in income as to necessitate a complete withdrawal from the surroundings, friends, and associations in which the working years have been spent and among which the enjoyment of the quiet years is best realized. The pension should not be so disproportionate to the

annuitant's previous salary as to force him, in the evening of life, to make sweeping reductions in his scale of living and adjust himself to a new environment. We are definitely opposed to the concept of the pension as a device whose sole purpose is to prevent the annuitant from becoming a public charge. In this we feel that we are as one with the great majority of employee organizations and with the committee itself.

Provision for a pension which bears some reasonable relation to the annuitant's salary during his working years is necessary to complete our present retirement system. We have a further problem among our Customs people and it is the necessity for providing some means of increasing the amount of pension for those who will retire in the near future. As to these even the slight advance in the size of the pension which will in time accrue for many through the proposed 5 percent contribution will not be available because of the imminence of their separation from the service. Most of these employees will have had much more than 30 years' service to their credit when they retire, and it is suggested that as a solution to their problem and the problem of all those whose retirement is not far off the service credit of \$30 per year be granted for all the years of service rather than for the first 30 years as under existing law. Although actuarial figures on the cost of this change are not presently available, common sense indicates that the additional cost will be small. Each added year of service beyond 30 years for which credit is given in computing the basic annuity costs the Government but \$30 annually and the number of employees whose service extends or will extend beyond 30 years is a constantly diminishing one.

The grant of unlimited service credit in computing the Government's share of the annuity would benefit the lower salaried employees and would help all employees who are close to retirement.

However, it would not eliminate the distressing disparity which exists and even under H. R. 3487 will continue to exist between pension and salary among the higher salaried employees. Nor will the increase in contribution to 5 percent noticeably affect this situation. The gap can only be lessened through a modification of the present method of computing the Government's share of the pension, that is, the basic annuity. There is submitted herewith for the consideration of the committee, a proposed change in the language of section 4 (a) of the act of May 29, 1930, as amended. It is felt that this language will effect the desired liberalization of the law along the lines heretofore indicated.

In conclusion we would respectfully request that the committee give some consideration to the elimination of the so-called tontine deduction in section 12 (a) of the act of May 29, 1930, as amended. This deduction of \$1 or thereabouts a month from the employee's contribution before it is credited to his individual account for purchase of the employee's portion of the annuity under section 4 (a) (2) of the act is wholly arbitrary. We ask that all of the employee's monthly contribution be credited to his individual account.

We suggest the following amendment of H. R. 3487:

SEC. 3. (a) Strike out paragraph (a) of section 4 of the Act of May 29, 1930, as amended, and insert in lieu thereof, the following:

"(a) The annuity of an employee retired under the provisions of the preceding section of this Act shall be a life annuity, terminable upon the death of the annui-

tant and shall be composed of (1) a sum equal to \$30 for each year of service: *Provided*, That such portion of the annuity shall not exceed three-fourths of the average annual basic salary, pay, or compensation received by the employee during any five consecutive years of allowable service at the option of the employee: *Provided further*, That such portion of the annuity shall not be less than 4 per centum of the average annual basic salary, pay, or compensation received by the employee during any five consecutive years of allowable service at the option of the employee; and (2) the amount of annuity purchasable with the sum to the credit of the employee's individual account as provided in section 12 (a) hereof, together with interest at 4 per centum per annum, compounded on June 30th of each year, according to the experience of the Civil Service retirement and disability fund as may from time to time be set forth in tables of annuity values by the Board of Actuaries."

(The following statement was filed for the record:)

STATEMENT OF RICHARD STRASBURGER, RAILWAY MAIL ASSOCIATION,
PHILADELPHIA, PA.

Mr. Chairman and members of the committee, representing the Joint Committee of Federal Employees of Philadelphia and the Philadelphia branch of the Railway Mail Association, I wish to express the opposition of these organizations to section 1 of H. R. 3487, which would raise the compulsory retirement age of the 62- and 65-year groups to 70 years; and also to sections 5 and 6 of H. R. 3487, which would increase the deduction rate to 5 percent.

These sections make very serious changes in the retirement law for civil-service employees, and I respectfully request that the objections of the organizations I represent be given consideration by the Committee on the Civil Service.

Congress has seen fit by legislation to recognize the difference between types of Government service as they affect the health and physical condition of the Government employee. For example, the letter carrier, exposed to all sorts of weather, and carrying his daily load of up to 50 pounds of mail, has been given an earlier retirement age, 65; the railway postal clerk, sorting mails at top speed in a race against the time table, on a rocking, swaying floor, has received an earlier retirement age, 62. The conditions of work for these and other employees of the 62- and 65-year groups are precisely the same now as they were when the Congress recognized the more hazardous conditions of employment, and there seems no reason why at this time the 62- and 65-year groups should be done away with.

It may be argued that H. R. 3487 would reserve to these groups the privilege, by option, of the earlier retirement age they now possess. Experience and statistics show that the great majority of railway postal clerks and, I doubt not, other postal employees, reaching retirement age, generally elect to remain in service as long as they possibly can. Unfortunately, this devotion to duty is highly detrimental to the interests of the Government and the general public.

It is to the interest of the Government to have as efficient and capable a force of postal employees as possible. These employees perform hard physical labor. It must, therefore, be obvious that in the interest of economy and efficiency employees should be properly retired at 62 and 65 years, or even less, and their places filled by younger men who can perform more work in the same length of time.

For the same reason that private industry refuses to hire men over 45 the Government, in the interest of economy, should refuse to use superannuated employees who, with the best intentions in the world, are physically unable, by reason of advanced age, to do hard work; especially as these men are not left without resources but receive a Government pension.

There is another exceedingly important angle of this problem. One of the primary concerns of the Congress should be action against unemployment. To raise the retirement age is to deny the younger generation its fair share of civil-service positions. If the Congress continues the age limits of the present law, there will be a regular, normal number of these jobs to be filled; if the Congress raises the retirement age, it will practically close, for a period of years, one of the most important avenues of public employment open at this time.

I trust that I have adequately set forth opposition to raising the compulsory retirement age as outlined in section 1 of H. R. 3487, and I now pass to a brief discussion of sections 5 and 6, which raise the deduction rate from 3.5 percent to 5 percent.

According to the latest figures in my possession, the civil-service retirement fund is at present in excellent condition. The balance remaining in the fund has increased every single year, without exception, since its establishment in 1921, although for the first 8 years the Government did not contribute to the fund.

During the fiscal year ended June 30, 1939, the deductions from pay of employees, plus interest, were less than \$6,000,000 short of meeting all disbursements. Therefore there seems to be no reason why a change in the deduction rate should be made.

It may be argued that a raise in deductions is really aiding the Government employee to save money. I wish to point out that by sharply increased taxes and cost of living, of which the postal employee must pay his full share, this raise in deductions will operate as a pay cut.

I can personally assure the committee that the financial condition of most of the postal employees that I know is such that they will need all of what they now receive, and in many cases more, to face the increased cost of living, and that compulsory savings, such as a raise in the deduction rate, would work a real hardship.

In conclusion, may I restate the opposition of the Joint Committee of Federal Employees of Philadelphia and of the Philadelphia Branch of the Railway Mail Association to sections 1, 5, and 6 of H. R. 3487. I urge the Civil Service Committee, in the interest of the Government, the public, and the postal employees, to rewrite these sections of H. R. 3487 to conform to the present retirement law.

STATEMENT OF HERBERT G. KAISER, UNITED STATES TREASURY DEPARTMENT BENEFICIAL ASSOCIATION

The CHAIRMAN. Mr. Herbert G. Kaiser, United States Treasury Department Beneficial Association.

Mr. KAISER. Mr. Chairman and members of the committee, our organization consists of 17,000 members all over the United States and in foreign countries. We have all classes of employees in our organization, ranking from an assistant secretary to messenger boy.

A summarization of inquiries made among our members shows a large majority are not opposed to having the deduction on account of the retirement fund increased. Because of the right to retire earlier and receive annuities for a longer period, if the salary deductions are made at the rate of 5 percent as early as 1960, there will hardly be any person retiring and receiving the minimum annuity. The suggested amendment for a higher minimum would encourage some of those in the higher-salary groups to remain in the service longer if efficient. The optional right to remove an inefficient employee would minimize the increased cost because it is possible that the successor would receive a salary sufficiently low so that the salary and an annuitant's annuity together would not cost any more, because the successor will receive the lowest salary on the grade, whereas the retired person will as a rule be receiving a higher salary.

Mr. EDELSTEIN. You think that the Government would appoint a new man at less salary than received by the one he might relieve.

Mr. KAISER. Yes; that is practically always done when new personnel comes into the service. The revenue agents, for example, are appointed at \$2,000 to \$2,600 each a year, and reach a salary of \$3,600 to more than \$4,800 each a year when they retire.

Mr. EDELSTEIN. Are those in the low-paid groups in favor of increased deduction on account of the retirement fund?

Mr. KAISER. I believe so. It is as good as money saved. The deposits draw 4 percent compound interest.

Mr. EDELSTEIN. I have had people interested in this subject come to me. A delegation representing those in the higher-paid brackets

came to see me; and I agreed, in view of the fact that they had lived at a higher status in life, that it was not fair to have them retire on the same basis as those in the lower brackets; but there did not seem to be any harmony between those in the high-paid and the low-paid brackets. I am, therefore, at a loss to know what to do in the matter. Can you enlighten me?

Mr. KAISER. I have not heard anybody object. From the point of view that under section 4 (a) of the Retirement Act of May 29, 1930, the Government pays \$900 to both the high- and the low-paid groups, except when the annuity purchasable with the employee's credit is larger when the Government contributes an amount equal to the purchasable annuity it appears that an unfair situation exists.

The deductions on account of the retirement fund have been made only since August 1920. As time goes on we will get to a period where the deductions will be larger and larger until we get to 30 years, when it will be saturated. At that time a high-salaried employee will be paying much more than a low-salaried employee.

Mr. EDELSTEIN. He will pay more and receive more.

Mr. KAISER. But not enough more. The Government contribution is more in the lower brackets.

The CHAIRMAN. The chairman is in receipt of the following telegrams:

[Western Union]

VILLA PARK, ILL., June 2, 1941.

Hon. ROBERT RAMSPECK,
Committee on the Civil Service,
House of Representatives, Washington, D. C.:

We, the members of the Illinois branch, Sixth Division, Railway Mail Association, over 1,000 members, in regular meeting assembled this the 2d day of June 1941, oppose that section of H. R. 3487 which would raise retirement age to 70 years. We believe that few of our members would live to enjoy the benefits of retirement at this age. We earnestly ask you and your committee to consider this report in your deliberations.

LEGISLATIVE COMMITTEE, ILLINOIS BRANCH, SIXTH
DIVISION, RAILWAY MAIL ASSOCIATION.

[Western Union]

NEW YORK, N. Y., June 2, 1941.

Hon. ROBERT RAMSPECK,
Chairman, Committee on the Civil Service,
House of Representatives, Washington, D. C.:

The American Post Office Employees stand committed and in favor of the Shafer bill, H. R. 3322, and Aiken, S. 830, which provides for 30-year optional retirement. We urge favorable action on this legislation and inclusion in the record.

GEORGE NILSERO,
National President.

[Postal Telegraph]

CHICAGO, ILL., June 2, 1941.

Hon. ROBERT RAMSPECK,
Chairman, Committee on the Civil Service,
House of Representatives, Washington, D. C.:

We are opposed to increase of compulsory retirement ages and increase of employees' deductions. We endorse H. R. 1846.

CHICAGO POST OFFICE CLERKS' UNION,
IRWIN E. KLAAS, *Secretary.*

[Postal Telegraph]

CHICAGO, ILL., June 3, 1941.

Hon. ROBERT RAMSPECK,
*Chairman, Committee on the Civil Service,
House of Representatives, Washington, D. C.*

Brief on retirement legislation submitted by Chicago Joint Council of Postal Organizations Retirement Committee:

The Chicago Joint Council of Postal Organizations is composed of representatives of the various unions of post-office employees in the Chicago area. More than 10,000 postal workers comprise the membership of the organizations affiliated with the council. The retirement committee of the council has analyzed the various bills under discussion by the House Civil Service Committee, with special emphasis on H. R. 3487. We respectfully submit our findings and recommendations to the committee:

SECTION 1. (a) We are opposed to the provision raising the compulsory retirement ages from the present age limits to 70 years of age.

(b) We approve the provision allowing optional retirement at age 60 with 30 years of service, and age 62 with 15 years of service.

(c) We disapprove of the provision of departmental option in the retirement of employees at age 60, with 30 years of service, or age 62, with 15 years of service.

(d) We approve of the provision of optional retirement at age 55, with 30 years of service, at a reduced annuity, equivalent to the present worth of an annuity at age 60.

SEC. 3. (a) We approve of the provision covering employees of all branches of the Government.

SEC. 4. (a) This provides that an employee who is separated from the service after 5 years of service shall be paid a deferred annuity at age 62. Under the present law, the employee may withdraw his accumulation in the retirement fund. While we believe that the purpose of this provision is laudable, in that it will provide at least some measure of security after age 62, cases have arisen where the availability of the employees' accumulation in the retirement fund is an important factor for immediate security. We believe that this provision should provide, for the present, that the employee may exercise the option of withdrawing his funds, or permitting it to remain in the retirement fund, as indicated in this provision. We believe that the organizations of Government employees should educate their membership as to the value of the accumulations in the retirement fund.

This provision should be augmented by an amendment providing that a reinstated employee may waive credit for service prior to separation in the event that he has withdrawn his contributions to the retirement fund.

SEC. 6. This provides that the contributions of employees to the retirement fund be increased from 3½ percent to 5 percent. On the basis of the provision of H. R. 3487, the Chicago Joint Council of Postal Organizations believes that the added benefits provided do not warrant the increase in employees' deductions. Rising living costs will make the increased deductions especially noticeable to employees in the lower salaried groups. The bill does not grant any special inducement to increase contributions. The provision making for a lower optional age of 60, with 30 years of service, will be more than offset by the increase of the compulsory retirement age to 70.

We believe that the House Civil Service Committee should report H. R. 1846, by Representative Randolph. This bill contains the hopes of the employees in retirement legislation. It provides for optional retirement after 30 years of service and for compulsory retirement at age 60, regardless of classification. We hope that the House Civil Service Committee will report a bill giving the benefits of liberalized retirement as outlined in the Randolph bill to all employees of the Government.

Respectfully yours,

CHICAGO JOINT COUNCIL OF POSTAL ORGANIZATIONS,
GEORGE J. WACHOWSKI, President.
MARTIN F. KLING, Secretary.

FEDERAL ANNUITANTS RELIEF ASSOCIATION,
Washington, D. C., June 6, 1941.

Hon. ROBERT RAMSPECK,
Chairman of the House Civil Service Committee,
Washington, D. C.

DEAR SIR: The Federal Annuitants Relief Association, composed of over 250 members in good standing, desire to make known to the Congress of the United States through the medium of your committee of which you are the honorable chairman, that they heartily commend and endorse the bill, known as H. R. 1847, dealing with pensions for widows of retired civil-service employees.

We sincerely hope that the committee will favorably recommend to the Congress the passage of this meritorious and humane legislation, which is in keeping with the spirit of the times, and especially as that spirit is revealed in our own country.

I have the honor to remain,

Yours very sincerely,

JOSEPH M. TRIGG, *President.*

The CHAIRMAN. It will be impracticable to hear any more witnesses this morning, and the committee will now recess until 10 o'clock tomorrow morning.

(Thereupon, at 11:55 a. m., Wednesday, June 4, 1941, the committee adjourned, to meet at 10 a. m., Thursday, June 5, 1941.)

GENERAL RETIREMENT

WEDNESDAY, JUNE 11, 1941

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE CIVIL SERVICE,
Washington, D. C.

The committee this day met at 10:30 a. m., Hon Robert Ramspeck (chairman) presiding, for consideration of the bills proposing amendments to the Civil Service Retirement Act.

STATEMENT OF S. B. FRACKER, THE ORGANIZATION OF PROFESSIONAL EMPLOYEES OF THE DEPARTMENT OF AGRICULTURE

THE CHAIRMAN. Let us hear Mr. S. B. Fracker, representing the Organization of professional Employees of the Department of Agriculture, first this morning.

MR. FRACKER. Mr. Chairman and members of the committee, my organization is a group having a paid-up membership varying from 1,500 to 3,000 members and representing in general the point of view of some 13,000 professional employees of the Department.

The organization wishes to appear in support of H. R. 3487 and to make one or two suggestions concerning modifications.

The chairman, as I understand, himself has suggested the possibility of modifying section 7, which freezes the retirement deductions for employees having more than 5 years' service. Many of our members would support the chairman's suggestion that the retirement deductions heretofore made and deposited in the individual accounts of the employees be subject to withdrawal.

However, I came here primarily to support another change, a recommendation that there be a provision for a minimum retirement at 50 percent of the average salary for 5 consecutive years of service; and we recommend that such a provision be inserted in the bill. Our proposed amendment reads as follows:

Section 4 (b) of the Act of May 29, 1930, as amended by Act of August 4, 1939, is amended by striking out the period at the end of section 4 (b) and inserting in lieu thereof a semicolon, and by adding the following sentence after the semicolon: "nor shall such total annuity paid be less than an amount equal to the annual basic salary, pay, or compensation, received by the employee during any five consecutive years of allowable service at the option of the employee, multiplied by the number of years of service not exceeding thirty-five years, and divided by seventy."

This general provision placing the minimum at 50 percent was supported by the President's Committee on Civil Service Retirement, with the recommendation that the members of the Committee felt that it would improve the Government service by making it more readily possible to establish a career service and avoid the economic shock

that now comes from the retirement of professional employees. It would also bring the civil-service retirement system into line and make it consistent with the retirement systems of the various States that have such systems, with those of foreign governments, and also make it possible to have the retirement basis for the professional employees of such Departments as those of Agriculture and Commerce somewhat comparable with the technical employees of the Public Health Service, the Coast and Geodetic Survey, and the Foreign Service of the Department of State, all of whom are permitted to retire with a maximum of 75 percent of their salaries.

As is shown by a chart at page 6 of the last retirement report of the Civil Service Commission, the retirement basis at present provides for 74 percent of the pay for employees receiving \$1,620 a year, 50 percent of the pay of the employees receiving \$2,600 a year, and only 32 percent of the pay of the employees receiving salaries of about \$5,600 a year. It is believed by the professional employees that it would be more desirable to provide for retirement on a basis that would be more equitable with respect to the actual contributions to the retirement fund of the higher-salaried employees. We understand from the actuaries of the Civil Service Commission that the cost to the Government would be comparatively limited in comparison with the advantage to the employees and the career service in general. We understand that it has been estimated that the maximum cost in any one year of a provision of this kind would not exceed \$700,000 and that the rate would decrease thereafter.

We feel, therefore, that a provision of this kind would be advantageous to the Government service, that it would relieve the very serious economic shock that comes to employees now on reaching retirement, that it would benefit the service as a career service, and would not increase the cost to the Government to an extent that would make it difficult to handle.

The CHAIRMAN. Do you believe that the Government ought to contribute more than 50 percent of the annuity received by an employee?

Mr. FRACKER. I would have no objection to the present plan under which the Government does contribute more than 50 percent of the annuity in the case of low-salaried employees.

The CHAIRMAN. I do not think that answer is exactly responsive. You would not have any objection to that because it would not affect your group. Do you think that, as a matter of policy, the Government should contribute more than one-half of the annuity an employee receives?

Mr. FRACKER. In the case of the lower-salaried employees, if it is necessary for the Government to contribute more than one-half of the annuity in order to make it possible for an employee who reaches the age of 70 to exist and live respectably, then the Government would be justified in contributing more than one-half of the annuity of such employee.

The CHAIRMAN. Do you realize that under the plan proposed in this bill, or let us take the case of an employee making \$4,000 a year and serving 30 years, the contribution being at the rate of 5 percent, that employee will receive an annuity of \$1,838.30, and if he remains in the service till he is 70 years of age he will receive an annuity of \$2,096.90?

Mr. FRACKER. I appreciate the fact that in a number of levels contribution by the Government is greater than contribution of the employees. In the Civil Service Commission report to which I have referred, at page 6, it shows that the Government's contribution at the salary level of \$5,600 a year is almost identical with that of the employee. The employee contributes \$899.50 and the Government \$900.

The CHAIRMAN. That is based, of course, upon a contribution of 3.5 of the employee's salary. This bill proposes a deduction of 5 percent of the salary of an employee on account of the retirement fund, and that makes it possible for an employee to build up an annuity that is matched by the Government under the amendment of 2 years ago. So that in the case I have cited, of an employee receiving \$4,000 a year, the employee would buy \$919.15 at age 65 and the Government would match that with \$919.15, making a total of \$1,838.30; while in the 70-year group the employee would put up \$1,048.45 and the Government a like amount, making an annuity of slightly more than 50 percent of the salary. What you are proposing and what the Commission proposes is another guaranteed annuity.

Mr. FRACKER. Yes.

The CHAIRMAN. That is what has caused the trouble with this system, a guaranty that has created a deficiency cost which has run the cost of this system up to almost 9 percent of the pay roll of the Government against a 3.5 percent contribution from the employees. That is what I am trying to get away from, this guaranty which creates a deficiency. Personally, I do not believe that the Government ought to pay more than 50 percent of the retirement pay of Federal employees, especially in the higher brackets. I am not proposing to take anything away from anybody, but I cannot see the justification for building up another guaranteed annuity in the higher brackets. We have that in the lower brackets and it is causing trouble. I appreciate that it is hard for one to adjust himself to a lower income. It is hard for anybody to do that, no matter what the salary bracket may be, but we have to think in terms of years and not of the present only. That is a mistake that was made in 1930. We set up a system that guaranteed an annuity to persons making \$1,600 a year or more, provided it was not more than three-fourths of the salary, and that has imposed an enormous cost upon this retirement system. I do not understand how anybody could justify it. I do not want the job of trying to defend it before the public in view of the very odious comparison between this system and the social-security system.

If there are no further questions, let us excuse the gentleman with the thanks of the committee and hear the next witness.

STATEMENT OF PAUL STONE, THE UNITED FEDERAL WORKERS OF AMERICA, CONGRESS OF INDUSTRIAL ORGANIZATIONS

The CHAIRMAN. The next witness is Mr. Paul Stone, the United Federal Workers of America, the Congress of Industrial Organizations.

Mr. STONE. Mr. Chairman and members of the committee, the United Federal Workers of America is a union of Government employees affiliated with the Congress of Industrial Organizations. We have a membership of 26,000 and have been organized since June 1937.

We are a young organization, and very few of our members are on retirement rolls.

Our membership extends throughout the Federal service, both in Washington and in the field, and includes a large proportion of low-paid employees as well as those in the higher-paid and professional groups.

Our constitution specifically excludes from membership administrative and supervisory officials with the right of hiring and firing.

At our convention held here last September our organization expressed the considered views of our thousands of members in regard to retirement legislation. The number and variety of bills before this committee makes it necessary for us to give the basic views of our organization on retirement before going to a discussion of individual measures.

In general, the United Federal Workers believes the present retirement law should be liberalized along the following lines:

1. Optional retirement for all Government employees after 30 years' service.
2. Extension of the provisions of the Federal retirement law to all Federal employees not now within its scope.
3. No increase in employee contributions without a substantial increase in benefits.
4. Investigation by the Congress of the actual cost of administering the so-called tontine or dollar-a-month charge made against contributions of all employees—with but few exceptions—who leave the Federal service.

H. R. 3487

Of all bills before this committee the most comprehensive is H. R. 3487, introduced by Representative Robert Ramspeck, chairman of the committee.

The bill would make a number of changes in the present retirement law. Many of the changes are in the general direction of the program adopted at our convention, but other provisions of the bill are not in accord with our program.

In return for the changes proposed in H. R. 3487, Federal employees are asked to accept an increase in deductions for retirement purposes from 3.5 to 5 percent of their salary.

We will now proceed to go over the various sections of the bill individually.

COMPULSORY RETIREMENT AGE

The first change proposed in H. R. 3487 is raising the compulsory retirement age of all employees to 70 with 15 years' service and doing away with the special retirement groups with compulsory retirement at 62 and 65 years of age. The United Federal Workers of America believes that workers in hazardous occupations, such as laborers, mechanics, and other workers in the navy yards, should retain the present compulsory retirement ages set under law.

OPTIONAL RETIREMENT AGE

The other provision of section 1 of H. R. 3487 is to set the optional retirement age at 60 with 30 years' service. Special provision is made for employees who have 30 years' service at the age of 55.

This is one of the outstanding features of the bill that is in line with the program adopted at our convention. It is the feature of the bill in which our members have expressed real and great interest.

We urge that any legislation that this committee sees fit to report contain provision for retirement after 30 years' service, at least at the age of 60.

DOUBLE OPTION

We do object specially to the double-option feature of the 60-year retirement provision. This is section 1 (c), page 2, providing that the head of a department or agency may request the retirement of an employee under the optional retirement provision.

Retirement after 30 years' service should be optional with the worker. It should not be open for use as a method of crowding out workers with valuable experience, for reasons of personal prejudice or discrimination. We believe that retirement legislation should safeguard an employee's rights in this respect. If an employee is incapable of performing his duty, it is possible to have him retired under the disability provision of the retirement law.

EFFECT OF TWO CHANGES

The effect of these two changes, raising the compulsory age for all employees to 70 and lowering the optional age to 60 with 30 years' service, should in effect save the retirement-system money. It will eliminate the compulsory retirement age groups of 62 and 65, for whom the cost is greater than for the 70-year group. And although the optional age is lowered, the record indicates, as other witnesses before us have testified, that only a very small part of the employees will take advantage of the optional retirement feature at age 60.

We do not believe that the estimated increase in cost because of the lower optional retirement age represents an actual increase. Raising the compulsory retirement age of all to 70 represents a saving. We do not understand why it should be necessary to add to the employee's contribution for this purpose.

Even if the compulsory retirement ages are left at the present 62-, 65- and 70-year levels, and the optional age is reduced to 60 with 30 years' service, we do not believe that the number of optional retirements that would take place would warrant an increase in employee contributions to 5 percent. We propose that the present compulsory retirement ages be left as they are and that optional retirement be lowered to 60 for all with 30 years' service.

FIVE-YEAR CLAUSE

We endorse the idea behind section 4, page 5, of H. R. 3487. The section provides that an employee who has been in the service for 5 years or more will get some protection under the Federal retirement law. One of the defects of the present law is that no provision is made for employees who have less than 15 years' service with the Government, except that they may withdraw their money from the retirement fund when they leave the service.

Section 4, as now worded, is compulsory upon employees. We believe it should be made optional. Many employees who leave the serviee before reaching retirement age are in great need of money, and their contributions represent a form of savings. Their money should be available to them when they need it. Often the money is just enough to tide them over to the change of employment they wish to make.

We believe that those employees who wish to leave their money in the retirement fund after 5 years' serviee should be allowed to do so; but those who wish it, should be allowed to withdraw their contributions. When an employee leaves the Federal service he should not be compelled to wait until he is 62 to get back his contributions to the retirement fund.

The Civil Service Commission and Mr. Ramspeck have recommended that this section be changed to provide that only employees who come under the retirement law after this provision becomes law shall be subject to the compulsory proviso.

This proposal is in the right direction, but it does not go far enough as far as solving the problem is concerned. We strongly recommend that the following language be inserted at page 5, line 25, following the words "shall be paid":

(1) the total amount of his deduction with interest thereon; or (2).

OUR PROPOSAL

In short, our proposal is that the present compulsory retirement ages be left as they are. We ask that the optional retirement age be lowered to 60 with 30 years' service, with the special provisions being retained for employees of 55 with 30 years' service and those of 62 with 15 years' service.

We ask that optional retirement be at the option of the employee alone and that the option for the Government be removed.

We propose that employees with more than 5 years' service leaving the service be allowed to withdraw their contributions to the retirement fund if they wish to do so at the time, or that they be permitted to leave their deductions to apply toward a Federal retirement annuity.

Finally, we do not believe that the cost of making these changes warrants raising the employees' contributions to 5 percent, and therefore we ask that the committee strike out sections 5 and 6, at pages 6 and 7, of H. R. 3487.

The increase to 5 percent in employee contributions will work a decided hardship on low-paid employees earning anywhere from \$1,000 to \$1,500 a year. It will have a definite effect on employees who work in Government hospitals and who are paid \$55 a month or less in actual money after deductions are made by the administration for board, room, and laundry.

Statements have been made to this committee that high-paid employees are discriminated against under the provisions of this act, and the present law. We believe that the high-paid employees are entitled to consideration. We wish, however, to call the attention of this committee to the fact that under the present law, as amended 2 years ago, it is possible for all employees to contribute an added 10 percent of their salaries to the retirement, or 13.5 percent in all.

We believe that those high-paid workers who are seriously concerned about building up their retirement fund will do so by this voluntary means rather than by asking that the contributions of all employees be increased.

WEST POINT EMPLOYEES

We request that specific provisions be made in H. R. 3487 to include the laundry workers and tailors at the West Point Military Academy under the Federal retirement law. Many of these workers have served 30 to 40 years and are 60 to 75 years of age and are still employed, with no opportunity to retire.

They literally work to the end of their lives. One tailor, almost 70 years old, dropped upon a table and was removed from the shop, dying within a few hours; and another tailor, at the age of 54 and after 26 years' service at piece work, suffered total service-connected disability and was dropped from the service without any compensation whatsoever.

The CHAIRMAN. This bill proposes to bring all Federal employees under the Retirement Act.

Mr. STONE. The War Department has not classified the employees at West Point to which I have referred as civil-service employees.

The CHAIRMAN. This bill is not limited to civil-service employees.

Mr. STONE. That is fine. This will be welcome news to the West Point employees.

The CHAIRMAN. It would cover all Federal employees not under some other retirement system.

Mr. DOWNS. Does your organization include all kinds of Federal employees?

Mr. STONE. Yes; it does.

Mr. DOWNS. And there are 26,000 members of your organization?

Mr. STONE. Yes.

Mr. DOWNS. Has your organization taken any action with respect to H. R. 1847?

Mr. STONE. That has to do with a widow's annuity, does it not?

Mr. DOWNS. Yes.

Mr. STONE. We would be inclined to favor that, although our convention did not take any position with respect to that proposal.

The CHAIRMAN. You object to the proposed double option, yet you recommend optional retirement after 30 years' service. As I understand, you want the employees to have the right of retirement at age 48, if they have had 30 years' service, but you are not willing to give the Government the right to retire employees with full annuity after 30 years' service, and not before 60 if one is unable to carry on efficiently. I do not understand the logic of that.

Mr. STONE. We believe that the employee alone should exercise the option for retirement after 30 years' service.

The CHAIRMAN. The one retired on account of disability gets a lower annuity than one who would be retired under the plan proposed in the pending bill, unless he has long years of service.

Mr. STONE. Our experience indicates that the employees are fearful that an option by the Government will be used to discriminate against particular cases; that there would be discrimination by supervisors who have personal prejudices and feelings against certain employees. We feel that such is a great potentiality that may arise.

The CHAIRMAN. You understand, do you not, that the decision in connection with this proposal rests with the Civil Service Commission and not with the supervisors?

Mr. STONE. In that regard we believe on the basis of long experience that in a majority of cases the Civil Service Commission, while not meaning to be unfair, would want to uphold a department's request.

The CHAIRMAN. The Commission also passes on the question of disability retirement under the same terms and you realize, of course, that the departments have the right to discharge an employee who is inefficient without granting any annuity. In that case the employee has no right of appeal; he has no place to go for a hearing of his grievance.

Mr. STONE. The feeling of the employees is that if the departments have the option of retiring employees the supervisors would effect much discrimination, and, as I have said, there is a feeling that the present law is sufficient in that regard.

Mr. DOWNS. Would there not be a discrimination against an employee who might become inefficient, perhaps through a disability? I mean that your group would be discriminating against a certain type of Government employees; would it not?

Mr. STONE. I do not follow the logic of that. If an employee should become disabled he could retire.

Mr. DOWNS. I am speaking of one who might become inefficient. He might have been efficient up to a certain time and then, by reason of old age or advancing age or failing health, he might become inefficient. Instead of giving the Government an opportunity to properly retire him your organization would insist that he be retired on account of disability incurred in line of duty, which retirement would mean a smaller annuity than he would receive if he retired by option of the Government.

The CHAIRMAN. The way the present law operates, if a man has not reached retirement age and he is not sufficiently disabled to be retired, there is only one of two things a Department can do; namely, it can retain him in the service and let the efficiency of operation of the department suffer or it can separate him from the service and he gets the money he paid into the retirement fund back, but he does not get an annuity.

This question is just like many other questions in connection with retirement, and many employees do not understand. For example, a Congressman came to me the other day and said a constituent of his had called to see him and expressed opposition to this proposed legislation because he understood that those who retired under this proposal would have to pay 5 percent into the retirement fund after they were retired. Of course, there is no such provision in the bill. The public simply does not understand; and, unfortunately, the representatives of some organizations do not go to much trouble to explain to their membership what proposed legislation actually means. Consequently there is much misunderstanding of proposed legislation. I think the proposal for a double option is a very helpful solution of a problem not dealt with under existing law. I think it is properly safeguarded by placing the decision in the hands of the Civil Service Commission and giving the employees a right of hearing and appeal and the right of introducing somebody to help at a hearing.

Also, you oppose the retention of contributions. You realize, of course, that under the Social Security Act no private employee gets back anything he may contribute to that fund.

Mr. STONE. Under the Social Security Act there is unemployment compensation, which the Government does not have for Federal workers. The retirement fund has been regarded by the employees as a means of saving money and they use it for unemployment insurance.

The CHAIRMAN. Have you any apprehension about the effort to place the Federal employees under the Social Security Act?

Mr. STONE. There have been such efforts in the past.

The CHAIRMAN. You appreciate, of course, that one of the arguments for that proposal is that employees separated from the Federal service without annuity are left without any provision for old age.

Mr. STONE. We would oppose any attempt to put the Federal retirement system under the Social Security Act without giving the Federal employees the same benefits and advantages they have now.

The CHAIRMAN. Could you give us a good and sound argument why a Federal employee receiving \$3,000 a year should receive an annuity of \$1,354.69 a year when he retires while the private employee paying only one-half of 1 percent less than does a Federal employee into a retirement fund gets only \$85 a month?

Mr. STONE. The problem appears to us to be one of improving the social-security benefits.

The CHAIRMAN. I have not heard any proposal to increase the payment under the Social Security Act; in fact an amendment we passed a few years ago reduced the amount paid to a single man.

Mr. STONE. We regard that as a mistake.

The CHAIRMAN. If you were a Member of Congress how would you explain in a campaign to those not on a Government pay roll the fact that we are doing more for the Federal employees than we are doing for private employees?

Mr. STONE. I think our position would be more or less in accord with the view expressed here by the representative of the Civil Service Reform League. The Federal Civil Service Retirement Act has been in effect several years and it is to the advantage of the Government to have such law for its employees. The Government should lead rather than follow in employment practices. And again, the most satisfactory answer to your constituents, we believe, would be your assurance of your efforts to increase their benefits, not reduce those of Federal workers.

The CHAIRMAN. The Government provides the Social Security Act also.

Mr. STONE. That is true, but I have said, it can be improved.

The CHAIRMAN. But the argument is that we should make the second system conform to the first system, with which we have had considerable experience.

Mr. STONE. Moreover, the civil-service employees are a stable group; it is easy to make an estimation in connection with them, while those coming under the Social Security Act are counted in millions.

The CHAIRMAN. You think, then, that you could convince the constituents of a Member of the Congress that it is all right to give private employees \$85 a month each and give public employees more than \$100 a month each.

Mr. STONE. I do not think that is the point. The problem is to provide adequate retirement for all.

The CHAIRMAN. And there is only a difference of one-half of 1 percent in the contributions by private employees and public employees.

Mr. STONE. I do not think that is the point in question.

The CHAIRMAN. It is a point with a Member of Congress when he goes back to his district to be reelected; it is a very vital point.

Mr. STONE. I have given you the position of our organization as adopted at a convention, and we cannot go much beyond that.

The CHAIRMAN. Mr. Stone completes the witnesses, except Mr. Fisher, to be called. Mr. Fisher is out of the city and will be back next week; and it is my plan to call him before the committee as soon as he returns for questioning by members of the committee in order to get a detailed statement of the technical phases of these proposals, Mr. Fisher being the chief of the retirement division of the Civil Service Commission that handles this kind of legislation.

I think I am expressing the sentiments of every member of the committee when I say for the record that we deeply regret the untimely and sudden death of our fellow member, Mr. Edelstein, which occurred within an hour after adjournment of the committee last Wednesday. It was for that reason that I postponed our hearings last Thursday.

Mr. Edelstein was an able, conscientious, and attentive member of the committee, and, as you will recall, he was quite active during our last hearing, being much concerned about the welfare of his constituents. I am sure we all very deeply regret the passing of this good man.

Mrs. ROGERS. I feel that we all thoroughly agree with the sentiments expressed by our chairman. Mr. Edelstein was a valuable and intelligent member of the committee who ever displayed a keen interest in the welfare of the civil service employees.

The CHAIRMAN. The committee will now be adjourned, to meet at the call of the chairman.

(Thereupon at 11:10 a. m., Wednesday, June 11, 1941, the committee adjourned to meet at the call of the chairman.)

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HEARINGS
BEFORE THE
COMMITTEE ON THE CIVIL SERVICE
HOUSE OF REPRESENTATIVES
SEVENTY-SEVENTH CONGRESS
FIRST SESSION
SUPPLEMENTAL HEARING
ON
H. R. 3487

ESTIMATED COST OF FURTHER AMENDING THE
CIVIL SERVICE RETIREMENT ACT

STATEMENT OF
LEWIS H. FISHER, CHIEF OF RETIREMENT DIVISION
UNITED STATES CIVIL SERVICE COMMISSION

AUGUST 23, 1941

Printed for the use of the Committee on the Civil Service



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CIVIL SERVICE RETIREMENT

TUESDAY, AUGUST 12, 1941

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE CIVIL SERVICE,
Washington.

The committee met at 10 a. m., Hon. Robert Ramspeck (chairman) presiding.

The CHAIRMAN. The committee will please come to order. We are met this morning for a further hearing on H. R. 3487, a bill to amend further the Civil Service Retirement Act, approved May 29, 1930, as amended. Mr. Fisher, the Chief of the Retirement Division of the Civil Service Commission, is here, and we will have a statement from him in reference to this bill.

Mr. Fisher, I especially want you to discuss the question raised by some members of the committee in regard to the cost estimates of H. R. 3487. The estimates given us by Mr. Mitchell, when he appeared on the first day of the hearings, were as of June 30, 1939. Have you made any estimate of the cost up to date?

STATEMENT OF LEWIS H. FISHER, CHIEF, RETIREMENT DIVISION, CIVIL SERVICE COMMISSION

Mr. FISHER. Yes.

The CHAIRMAN. Will you give us that?

Mr. FISHER. The estimate now, on the basis of the membership as of June 30, 1941, is \$155,925,800, making the cost of H. R. 3487, \$19,000,000 more than the existing law, under the same membership.

The CHAIRMAN. When you say \$155,925,800, you are talking about the cost of the system, that is, the entire retirement system, are you not?

Mr. FISHER. That is correct, sir.

The CHAIRMAN. On what number of employees is that figure based?

Mr. FISHER. That is based on 885,000 active members, as of June 30, 1941.

The CHAIRMAN. The estimate Mr. Mitchell gave us at the opening of the hearing was based on about 600,000.

Mr. FISHER. That was based on a membership of 600,000, as of June 30, 1939.

The CHAIRMAN. Then the additional cost of this proposed legislation is because of the increase of 200,000 employees—

Mr. FISHER (interposing). Over 1940. It is 885,000 over the number for 1939.

The CHAIRMAN. Your present estimate is that 885,000 would be covered by this bill; is that right?

Mr. FISHER. It would be more than that, Mr. Chairman, because this bill brings in additional groups that were not in the service as of June 30, 1939.

The CHAIRMAN. Your estimate now is based on what date?

Mr. FISHER. On June 30, 1941.

The CHAIRMAN. You estimate there will be 285,000 people covered; is that right?

Mr. FISHER. Over and above the 1939 estimate.

The CHAIRMAN. Two hundred and eighty-five thousand have been added since the estimate Mr. Mitchell gave us.

Mr. FISHER. That is right.

The CHAIRMAN. And the cost of the bill, based upon this increased coverage, is how much?

Mr. FISHER. It is \$19,600,000.

Mr. REES. How many people are affected?

Mr. FISHER. There are 885,000 members of the fund.

The CHAIRMAN. What is the most expensive section of this proposed bill?

Mr. FISHER. There are two sections that increase the cost materially. The first is in reducing the age of retirement.

The CHAIRMAN. The optional age?

Mr. FISHER. Yes, sir; the optional age.

The CHAIRMAN. What is that cost estimated to be?

Mr. FISHER. I do not have that. I cannot get it from the percentage the board of actuaries shows. I will have to get that for you. They did not break it down in the estimate they submitted.

The CHAIRMAN. I would like to have you supply that for the record.

Mr. FISHER. Yes; I will put that in the record.

The CHAIRMAN. Can you give us the cost of what you call the "discontinued-service benefit"? That is what I call keeping the money in the pot.

Mr. FISHER. I have the same difficulty there. The board did not give the amount of the deficiency cost. I will have to get that.

The CHAIRMAN. Which is the more expensive, reducing the age limit for optional retirement, or the proposition to keep the employees' money in the fund and give them the annuity when they reach the retirement age?

Mr. FISHER. It is more expensive on the reduction-of-age limit.

The CHAIRMAN. You mean they estimate it would cost more to reduce the optional ages than to retain the money in the fund and pay them the annuity?

Mr. FISHER. That is right.

The CHAIRMAN. Do you agree with that estimate as to cost of lowered optional retirement?

Mr. FISHER. Personally, I have serious doubts about it. But, of course, I ought not to set myself up against the board of actuaries.

The CHAIRMAN. What has been your experience with optional retirement below the mandatory age?

Mr. FISHER. Comparatively few exercise the option. They now have the option of retiring 2 years earlier than the mandatory age, if they have 30 years' service. A very small percentage of the members have exercised that option.

Mr. REES. Can you estimate that percentage? Is it 10 percent, 5 percent, or 3 percent? You have to have that pretty accurate.

Mr. FISHER. We think it is about 5 percent.

Mr. REES. Five percent actually take the advantage of the 2-year period.

Mr. FISHER. That is right; I think it is possibly a little less than that.

The CHAIRMAN. Can you tell us, Mr. Fisher, whether the estimate that the actuaries have made is based upon the idea that they will all exercise that option, or only a percentage, if it is on a percentage basis?

Mr. FISHER. They have considered the percentage of those who have exercised the option under existing law, but they have also considered the experience of other funds which had like options as are proposed in H. R. 3487. They have assumed, based on the experience of such funds, that a certain percentage would exercise the option, and therefore it will cost so much.

The CHAIRMAN. What percentage have they assumed?

Mr. FISHER. They did not say, in this estimate.

Mr. REES. Who are "they"?

Mr. FISHER. The board of actuaries.

The CHAIRMAN. We have a board of actuaries who are not regular employees of the Government, not connected with the Civil Service Commission, employed on a contract basis, and they make the cost estimates.

I think, Mr. Fisher, we ought to have for the record a statement from them as to what percentage they estimate will exercise the option, if we pass this bill, and what percentage they used in making this estimate, because that makes a lot of difference to me in making up my mind as to whether or not we can make this change in the age limit.

Mr. FISHER. We will get that for you.

The CHAIRMAN. My own personal conviction is that not 2 percent of them will exercise the option, because every man I have ever met who has worked for the Government and was about to reach the retirement age wants an extension. I am getting letters everyday saying, in effect, that if this bill is not passed before such a date, "I will have to retire on October 1, unless the age is extended, and I do not want to retire."

Mr. FISHER. The Commission gets similar letters right along.

The CHAIRMAN. I think the actuaries ought to let us know what percentage they have estimated will exercise and use this option, so we can exercise our own judgment as to whether it is a fair estimate or too high.

Mr. FISHER. We will get that for you.

The CHAIRMAN. The amount of this cost of \$19,000,000, which you say is based now on June 30, 1941, figures, of course, deals with the fact that the system has a coverage of 285,000 more than when the other cost estimate was made.

Mr. FISHER. That is right.

The CHAIRMAN. And that makes the difference between Mr. Mitchell's figures and your figures now.

Mr. FISHER. That is largely true.

The CHAIRMAN. Mr. Fisher, you remember 2 years ago we had this same proposition about keeping the money in the fund. Do you or

not recall that at that time it was estimated that it would cost about 4½ million dollars a year?

Mr. FISHER. Some such figure; I do not recall the exact figure.

The CHAIRMAN. My recollection is that it was the most expensive feature of the bill and would have cost about 4½ million dollars. We took it out of the bill.

Mr. FISHER. It was probably that much or more. Our actuary at the Commission is of the opinion, however, that the board of actuaries considered the larger cost would be on the lowering of the ages, and the smaller cost would be on the retention of the money in the fund and allowing interest thereon for old-age benefits.

Mr. REES. You mean interest at 3 percent?

Mr. FISHER. Yes; that provision would be less cost than retiring them at the earlier ages. That is in the estimate of the board of actuaries.

The CHAIRMAN. The cost of keeping the money in the fund instead of letting them withdraw it when they are separated is made very large because of the fact that under the present law when a person withdraws his money from the fund and leaves the service he gets nothing out of the Government except the interest on his money.

Mr. FISHER. That is correct.

The CHAIRMAN. For instance, Mr. Rees, suppose you take an employee who has been in the service 15 years. If we pass this proposed legislation and that employee goes out of the service when he reaches the retirement age he would be entitled from the Government to \$450 a year for the 15 years' service, beginning at the retirement age and continuing as long as he lives. That is what makes it so costly. When he withdraws this money he loses that altogether. I had an estimate worked up once by Mr. Biller, who was at one time and for many years connected with the Retirement Division, showing the amount accumulated to be about \$1,250 in 15 years' service, and that if he left that money in until he was 62 he would get back about \$6,000 in retirement pay. So, you can see it runs into a lot of money. My judgment is that it is the most expensive feature of this bill, but the reason it was put in the bill was this: Under social security nobody gets any money back until they reach the retirement age. The criticism has been made of this system that we have left a gap there, that an employee who stays with the Government a number of years and then goes into private employment has a period of his working life not covered by any security system, and that we ought to keep the money in there in order to cover that gap.

Take the illustration of a man who has had 15 years' service. He might quit the Government and work for private employers. When he reaches age 65, 15 of the years of his working life are not covered by social security as he was with the Government. He has gotten his payment back and has no coverage for those 15 years.

We have suggested that it may be made optional for employees, insofar as the money now in the fund is concerned. What is your judgment as to what that would save in the way of cost?

Mr. FISHER. If 20 percent take their money out, one-tenth of 1 percent of the pay roll would be saved to the Government, amounting to \$1,612,000.

The CHAIRMAN. If we made it optional, you estimate it would save \$1,612,000?

Mr. FISHER. Yes, sir.

The CHAIRMAN. And it would be deducted from the \$19,000,000?

Mr. FISHER. No; that is already deducted in my estimate.

The CHAIRMAN. You have already deducted that?

Mr. FISHER. Yes, sir.

The CHAIRMAN. I wish you would explain to the committee what this amendment that Mr. Mitchell suggested, known as the 35/70 amendment, means.

Mr. FISHER. That means that there should be some provision in the law, in our judgment, that would permit a greater percentage of salary to be received as annuity for those in the higher salary brackets.

Mr. REES. Will you state that again, if you please?

Mr. FISHER. It means this—that with the men in the higher salary brackets contributing 3½ or 5 percent, they therefore contribute a great deal more than the employees in the lower salary brackets. Yet under existing law there is very little variation between \$1,200 annuity received by most employees and that received by those in higher salary brackets.

So we have added a temporary expedient; it is not a permanent thing, because when employees have been contributing 5 percent for a period of 35 years they will all be able to purchase sufficient annuity to permit them to receive 50 percent of their salary as an annuity.

I have a chart here which shows that we have a number of people receiving from \$500 to \$10,000 a year who, under a 5-percent-contribution rate over a period of 35 years, would all receive more than 50 percent of their salary as annuity. So the provision would wash itself out after a period of years, for the employees who contributed for a longer period of time.

The CHAIRMAN. Will you give us an illustration of that from this chart that we have here?

Mr. FISHER. Take a \$2,100 employee. Say he retires after a period of 30 years. If he retires optionally at age 60 he would get \$1,305.54 annuity, which is more than 50 percent of his salary. If he remains until he is 70, after 30 years' service, he would receive \$1,418.65. If he stays until he has 35 years of service and retires at 60 he would receive \$1,432.57. If he remains until he is 70 he would get \$1,581.11. That is on a 5-percent basis.

The CHAIRMAN. Suppose you take it on a 3½-percent basis.

Mr. FISHER. On the 3½-percent basis, which is the present law, at 62 he would get \$1,200 after 30 years' service. At 65 he would get 68 cents more. At 70 he would get \$1,242.98. That is comparable to the \$1,418.65, at the 5-percent-contribution rate.

The CHAIRMAN. Will you explain to the committee, Mr. Fisher, why, in the case of the \$2,100 employee, under the 3½-percent-contribution rate, if he retires at 62 after 30 years' service the Government pays him \$919.77 a year, whereas if the same employee stays in for 35 years the Government only pays him \$900?

Mr. FISHER. That is because there are two methods in the law for the computation of annuities. The first is for \$30 a year for each year of service, not exceeding 30 years, which means \$900, and that shall be not more than three-quarters of the average pay of the individual.

Added to that is the amount of annuity purchased with his contributions, with interest at 4 percent, compounded annually, as the law provides. So a man at 62 years of age and 30 years' service, at a salary of \$2,100, has not contributed enough, with interest, to buy \$300 worth of annuity, so he purchases \$280.23.

But there is a guaranteed minimum which provides that in no case shall the annuity be less than the average salary, not exceeding \$1,600, multiplied by the years of service, not exceeding 30, and divided by 40. This will produce \$1,200, and as he can purchase only \$280.23, the normal Government's share of \$900 must be increased by \$19.77 to meet the guaranteed minimum. But that guaranteed minimum would wash itself out if he stayed in 3 more years, because he could purchase 68 cents more annuity than the \$300 difference between the \$900 and the guaranteed minimum.

The CHAIRMAN. Take the case of an employee—and we have a lot of them in the \$2,100 group, because most of the letter carriers and post-office clerks come in that group—who retires at age 65, will he be able to purchase more than \$300 annuity?

Mr. FISHER. That is right.

The CHAIRMAN. If those employees are permitted to stay until they are 70 years of age, the only difference is that when they go out they get a larger annuity.

Mr. FISHER. That is true. During all of the extra 5 years they remain in the service they are contributing to the fund, and therefore increasing their own benefits.

The CHAIRMAN. If we raise the contribution rate to 5 percent, would it cost that employee any money, or be an enforced saving?

Mr. FISHER. It would be an enforced saving generally, because it would increase his credit in the fund. It would be an enforced saving in all cases of 25 or more years of service.

The CHAIRMAN. I want to make that plain to the members of the committee, because 2 years ago, when we had this matter up, Mr. Stinson, the representative of the letter carriers, contended it would cost the letter carriers \$31.50 more and they would not have any additional benefit.

The facts are, as shown by this chart, that the increased contribution in the case of the letter carrier would simply be an addition to his annuity and not a cost to him. It would be an enforced saving, because he can buy, under the present rate, at \$2,100, an annuity of \$300.68 with his own funds. The Government pays him \$900, and he gets a total of \$1,200.68.

If the rate of contribution is increased it means he can buy more annuity and get more when he retires. None of that goes into the United States Treasury so far as that particular employee at that particular salary is concerned.

Mr. REES. Do I understand it is the policy, if I may use that term, that the Government would rather discourage, say, letter carriers or other employees going over the age limit for retirement?

Mr. FISHER. They may not serve beyond the age for automatic separation, which is 65, if they have 15 years' service, unless the President has issued an order, and no President has issued any such order except Mr. Hoover, for clerks and letter carriers in the Post Office Service. That is exercised very sparingly, as experts who have been assigned

to particular projects, and administrative officials especially useful to the Government, have had their time extended, but otherwise they must go out at the mandatory age after 15 years of service.

Mr. REES. I assumed that Government employees were not encouraged to continue in the service after the optional age of retirement, generally speaking, and that it was generally understood that they would not get much more from the Government per year after the optional age of retirement; that they would not get much more benefit by staying in the service. In other words, if a man had the option of retiring at 62 or staying until he was 70, the annual payment would not be much more at 70 than at 62, on the theory that he would be discouraged from continuing in the service, expecting to get more money after the retirement age, if he stays longer.

Mr. FISHER. I think that is a rather new, novel theory. I do not know of any department advancing that idea. I have never run across that. I think if employees are competent, departments want them to stay until they reach the age—

Mr. REES. Of mandatory retirement?

Mr. FISHER. Yes.

The CHAIRMAN. It might be helpful to Mr. Rees if you will explain what the situation was prior to the Economy Act.

Mr. FISHER. Before June 30, 1932, everybody wanted to stay, and they were continued beyond retirement age as a matter of course. The individual, if his rating was good, would say, "I want to stay," and the head of the department would write to the Commission, and we would extend his time, as a matter of course, and sometimes we kept him 4 years beyond the retirement age.

The CHAIRMAN. The law gave power to the Commission to make extensions at that time.

Mr. FISHER. That is right.

The CHAIRMAN. What effect did the Economy Act have on that power?

Mr. FISHER. That stopped it and provided that employees may not remain after the retirement age unless the President issues an Executive order, in the interest of the service. Then the employee is retained by Executive order.

The CHAIRMAN. Do you know why that was done in 1932?

Mr. FISHER. It was a matter of economy; it was called that, but it cost the retirement fund a large sum of money. That raised the cost tremendously.

The CHAIRMAN. Is it not true that the reason it was suggested and perhaps adopted by the Economy Committee, which was a select committee, was because there was a surplus of employees, especially in the Postal Service, at that time?

Mr. FISHER. That is right.

The CHAIRMAN. How many were retired under that provision in the Economy Act?

Mr. FISHER. We do not have the exact figures but age retirements stepped up in the fiscal year 1933 to 6,295 as against 2,445 in the previous fiscal year. There was another Economy Act effective from 1933 to 1935. There were over 9,000 retired under that act.

Mr. REES. I assumed there were many more than that.

Mr. FISHER. There were more than that under the act of 1932, which still prevents continuances.

The CHAIRMAN. There were two Economy Acts, one passed in 1932 and the other in 1933. In 1932 they took away the right of extension, so all employees had to go out when they reached the retirement age and without any right of extension, unless the President issued an Executive order.

In 1933 they superimposed on that a provision giving the departments the right to retire any employee who had 30 years' service, regardless of age, so people were retired when they were 49 or 50 years of age. My recollection is that the estimated cost of that was over \$100,000,000.

I am bringing that out for this reason: That shows that employees who are able to carry on efficiently do like to stay longer. The earlier you retire a man the more money it will cost, the longer his life expectancy is, and the more annuity payments he will receive out of this fund.

Mr. FISHER. In the fiscal year 1933 there were 9,480 added to the roll; in 1934 there were 14,477; in 1935 the number dropped to 6,000; in 1936 to 5,700; and in 1937 to 5,400. There was a large number of employees who retired due to the two Economy Acts. That increased the cost tremendously.

The CHAIRMAN. Have you anything further to submit, Mr. Fisher?

Mr. FISHER. In reference to 35/70ths there is a statement I would like to make. I noticed in the committee hearings that some of the witnesses had the impression that the \$30 a year was added for the extra years, from 30 to 35 years. That is not correct. Under the Commission's proposal we would compute annuities as we do now, 30 times \$30, plus whatever an employee is able to buy. Then as to the guaranteed minimum of 35/70ths, it would only apply where the employee with 35 years of service cannot buy sufficient annuity with his contributions which with the Government's share would equal 50 percent of salary. If he contributes for 35 years, he will be able to purchase sufficient annuity which with the Government's share will give him half of his salary as annuity, and therefore this 35/70ths is a temporary expedient which will wash itself out in a few years.

I would also like to call attention to what the President's committee, headed by Mr. Justice Reed, have to say with reference to retirement:

We attach considerable importance to the provision of a retirement system which will have the effect of assisting to retain in the service of the Government able professional men, scientists, and administrators, and which will at the same time make certain their retirement when they have passed the height of their powers.

The Government cannot compete with private industry on a monetary basis for the services of professional, scientific, and administrative officials and employees. It must attract this vitally important group on the basis of other considerations, of which the possibility of a career with reasonable provision for retirement is one of the most important. Unless such provisions are made, there will be a tendency for the most valuable men to leave the public service for outside work where they are assured of sufficient remuneration during their active years to make adequate arrangements for their old age.

Several Federal retirement laws for special groups give more complete recognition of this objective than does the Retirement Act of 1920, as amended, which is the foundation for the retirement prospects of most professional, scientific, and administrative personnel. Thus employees of the Foreign Service receive

60 percent of their base pay upon retirement; * * * Army, Navy, and Marine Corps and Coast Guard officers, and scientific employees of the Public Health Service and the Coast and Geodetic Survey (commissioned officers), receive 75 percent of their final pay at the time of retirement.

I believe the Government will save money by making it so attractive to specialists that they will remain in the service with the objective of an adequate retirement when they reach superannuation retirement age.

I believe we should keep in mind the Government's interest in securing stability in important parts of its service by inducing promising and able young persons to adopt the civil service as a life career in which they can look forward to security in old age and thus be not tempted to accept outside offers which promise such security.

The 35-70ths proposal is merely a temporary boost in the rate of annuity which will affect a very limited number of members of the fund and then only until they make contributions to the fund over a career of 30 to 35 years.

The CHAIRMAN. There is one proposed amendment I suggested at the opening of the hearings, that the employees be permitted to pay an additional 1½ percent for their back service. If we amended this bill and raised the contribution to 5 percent, would that entail any additional cost on the Government?

Mr. FISHER. Yes; because of the matching provision of August 4, 1939. That was an amendment providing that while the Government's contribution would generally be 30 times 30, or \$900, if the employees with their contributions were able to buy an annuity of more than \$900, the Government would match each employee's purchasable share.

The CHAIRMAN. Will you point out on this chart where that goes into effect?

Mr. FISHER. An employee contributing 3½ percent, with a salary of \$4,600, retiring at age 70, after 35 years of service, would under existing law purchase \$1,091.23; and the Government, instead of paying \$900, would match the purchasable amount and likewise pay \$1,091.23. Also, in the 65-year age group, he is able to purchase \$956.65, and the Government matches that by paying the same amount. Then, also, in the \$5,600-salary rating, in the 62-year age group, after 35 years' service, and right straight through the 5-percent-contribution examples, the Government matches the purchasable annuity of the employee.

The CHAIRMAN. Which suggestion do you think would be most advisable—the one that would permit the employees to go back and increase their contributions for prior years' service, or the suggestion that Mr. Mitchell made in 35-70ths?

Mr. FISHER. I think it would be better, generally, to adopt Mr. Mitchell's suggestion, because it is less expensive to the Government, and under existing law the members of the fund can put in additional contributions up to 10 percent of their salary. But in this voluntary provision there is no matching provision. The matching provision applies only to the compulsory contribution. It would be less expensive to take 35-70ths than to put in the additional contribution amendment and match the purchasable annuity.

The CHAIRMAN. Take an employee with a salary of \$3,800 under the present law who retires at age 70.

Mr. FISHER. After 30 years' service?

The CHAIRMAN. After 30 years' service. The Government only pays that employee \$900?

Mr. FISHER. That is all.

The CHAIRMAN. Suppose that employee stays in 35 years, under the present law they still only pay him \$900.

Mr. FISHER. That is right.

The CHAIRMAN. If we had 35-70ths in effect, what would the Government pay?

Mr. FISCHER. Instead of getting \$1,786.17 on a 3½-percent contribution—of course the Government would pay him \$1,900. He would get 35-70ths of salary after 35 years, but that is in connection with a 5-percent-contribution rate.

Mr. REES. He would get \$1,900 instead of what?

Mr. FISHER. Instead of \$1,786.17.

The CHAIRMAN. The Government in that case would have to pay the man \$1,900 a year?

Mr. FISHER. The Government would not pay the entire amount, but he would receive \$1,900 total annuity.

The CHAIRMAN. Of which he would have bought \$886?

Mr. FISHER. That is right; on a 3½-percent rate.

The CHAIRMAN. In other words, the Government would have to pay him a little less than \$1,100 a year.

Mr. FISHER. That is right; or actually \$1,013.83. We are, however, only recommending the 35-70ths provision in connection with an employee contribution rate of 5 percent.

The CHAIRMAN. They would have to contribute during the full period at the rate of 5 percent, and he would buy—

Mr. FISHER (interposing). \$1,303.61.

The CHAIRMAN. And the Government would match that.

Mr. FISHER. That is right; and he would be getting a total amount of \$2,607.22, which is over 35-70ths of salary after 35 years of service. The 35-70ths would not have any application in his case, because he could purchase sufficient annuity to make his total annuity greater than 35-70ths of salary.

The CHAIRMAN. He would buy half of that and the Government would be paying him about one-third of his salary?

Mr. FISHER. Yes.

The CHAIRMAN. Yet in the case of an employee making \$1,500 a year, even with the 5-percent contribution, the Government would pay that employee over 50 percent of his salary.

Mr. FISHER. Yes; that is correct, and he would get \$1,361.40, or about 90 percent of his pay, as an annuity.

The CHAIRMAN. As a matter of fact, Mr. Fisher, the present law, without any of these proposed amendments, is so set up that for some employees the Government pays from 75 to 92 percent of the annuities to employees who have had 30 years' service, upon their retirement; is not that true?

Mr. FISHER. Yes; but the 92-percent payment of aggregate annuities is due to the present guaranteed minimum, which will become ineffective as employees contribute over 30 years. In the \$1,260 group, and after contributing for 30 years, employees receive 86 percent of salary; in the \$1,440 group it is 77 percent; in the \$1,620 group it is 74 percent; and in the \$2,100 group it is 59 percent. These are the 70-year retire-

ment-age employees. At \$2,600 it is 52 percent, and at \$3,200 it is 46 percent. That is the percentage of annuity he is getting with respect to his salary. Then you take the \$4,600 class, and he gets 38 percent.

The CHAIRMAN. The effect of raising the rate of contribution to 5 percent would be what, on those percentages?

Mr. FISHER. As examples: At \$2,600 salary, the annuity would be 60 percent of salary; at \$3,200 it would be 54 percent; at \$4,600 it would be 52 percent. All employees would purchase more from their own contributions and therefore would receive more than 50 percent of their salaries. There would be no application of the 35/70ths provision.

The CHAIRMAN. Without regard to the 35/70, what would be the effect of the increased rate of contribution eventually on the lower-paid salary groups? Would it reduce the percentage that it would be necessary for the Government to pay?

Mr. FISHER. Yes; because there would be no guaranteed minimum that would apply.

The CHAIRMAN. There is a guaranteed minimum when you get to \$1,600?

Mr. FISHER. Not at 5 percent, because they would be able to purchase their full share.

The CHAIRMAN. I am asking you what would be the effect of increasing the rate of contribution.

Mr. FISHER. You increase the annuity an employee purchases.

The CHAIRMAN. Where he does not purchase as much as 25 percent of the annuity the law requires us to pay him under the present law would not the increased contribution reduce the percentage the Government found it necessary to pay?

Mr. FISHER. That is correct; yes, sir.

The CHAIRMAN. So the increase of 5 percent would save the Government some money on those particular employees in that particular salary range?

Mr. FISHER. It would.

The CHAIRMAN. If nothing else were done to the law except that, it would reduce the cost to the Government?

Mr. FISHER. Absolutely; and I think in one of our estimates we showed about \$600,000 saved by increasing the contribution to 5 percent.

The CHAIRMAN. These charts, which the clerk of the committee has now handed to the members, are based on \$10,000 salary. One of them is estimated at 3½ percent.

I notice at the top of one of the charts the figures 3½ percent and 5 percent are in red ink, with the contribution at 3½ percent up to January 1, 1942, and 5 percent thereafter.

I have had these charts made up because this proposed bill contains a provision making it possible for elective officials to come in under that. I wanted some illustration to show what the effect of that would be if it is adopted and made a part of the law, if the beneficiaries see fit to exercise the option.

Take the first column, referring to a period of service of 18 years, and tell us what that is.

Mr. FISHER. The officer who elects to come under the law and has had 18 years' service, has contributed at the rate of 5 percent, which is

\$7,350, and the interest compounded on that amount is \$2,700.02, making a total individual credit of \$10,050.02. That will purchase an annuity of \$979.72, and the Government matches it, which makes a total annuity of \$1,959.44.

The CHAIRMAN. You said if he contributed 5 percent. He would contribute 3½ percent for part of the service and then 5 percent?

Mr. FISHER. That is right. It would be more if he contributed 5 percent during the whole period. The second chart shows that.

The CHAIRMAN. The next column shows the figures for 24 years of service.

Mr. FISHER. Yes; his annuity would be \$3,123.06.

The CHAIRMAN. Take the figure down below, where you show the annuity at age 62, and explain what that would mean.

Mr. FISHER. It is assumed that the employees referred to in the first column had had 6 years of service and were 30 years of age upon entering the service. At age 36 they would have contributed \$2,100, with interest added of \$186.80, making a total individual credit at the time of separation from the service of \$2,286.80. While they are out, and if they do not come back, the Government pays interest compounded annually at 3 percent, which, up to age 62, would amount to \$2,644.89. That will mean that the total amount in that account of \$4,931.69 will purchase an annuity of \$392.81, and the Government will match that amount, making a total annuity of \$785.62. With longer service and with greater contributions there would be a larger amount to the credit of the officer in the fund, which, of course, would result in a larger annuity.

At age 55, under this bill, there is a privilege of electing a reduced annuity in which case it would be the present worth of what it would be at 62.

The CHAIRMAN. In other words, this same person who went into the service at age 30 and went out at 36, instead of waiting until he was 62, could take an annuity of \$554 at age 55?

Mr. FISHER. That is right.

The CHAIRMAN. What about this other chart, on the 5-percent basis?

Mr. FISHER. That gives a greater credit because they are contributing at a greater percentage rate.

The CHAIRMAN. In other words, an elective official who went in on January 1, 1942, at age 30, and went out 6 years later, at age 62 would get an annuity of \$1,134.26? Of course, deposit would have to remain in retirement fund all those years.

Mr. FISHER. That is right.

The CHAIRMAN. If he preferred to take it at age 55 he could get \$799.86?

Mr. FISHER. That is right.

The CHAIRMAN. Of course, the older a person is when he enters this service the sooner he gets this annuity after retirement?

Mr. FISHER. That is right.

The CHAIRMAN. If a person had only 5 years' service, you have those figures in the last column, in the lower right-hand corner of the chart. Will you explain what that means?

Mr. FISHER. There is not any interest compounded in that case because he would be separated at over age 62.

The CHAIRMAN. If a man went in at 60 and served 6 years, immediately on retirement he would get an annuity of \$578.62?

Mr. FISHER. That is right.

The CHAIRMAN. If he served 12 years and went out at 66, he would get \$1,310.78?

Mr. FISHER. That is right. The Government is paying him 4 percent compound interest during period of service.

Mr. GEHRMANN. How many men are there in the service who get \$10,000 a year?

The CHAIRMAN. There are quite a good many of them. These charts were made up because we have a provision in this bill which is not mandatory but optional for elective officials. Of course, the only two groups are Members of Congress, the Vice President, and the President. I have had these charts made up to show members of the committee what the result would be if they exercised the option under that provision.

We had this matter up 2 years ago, and the House struck it out. A lot of Members have urged that we include such a provision in the bill. I am going to put all of these charts in the record. It is not of much benefit to men with short service, but when you get up to service of 18, 24, and 30 years it runs all the way from \$2,000 to \$4,500, approximately. It will take care of some people who have had a good many years' service. Eighteen years' service at 5-percent contribution rate would pay \$2,033.50 annuity at age 62.

Mr. GEHRMANN. You do not think there would be any unfavorable reaction, do you?

The CHAIRMAN. Personally, I do not think so, because I have been more or less actively connected with political affairs since 1907, when I was a clerk during the Taft administration. Congress at several times raised its own salary and nobody ever got hurt. My own judgment is that the only logical argument against it would be the question of whether or not we ought to be interested in a system that affects employees. Personally, I feel that as long as we do for ourselves no more or no less than we do for people in the executive branch, we cannot be reasonably criticized. We are furnishing security for millions of private employees, for railway employees, almost a million of them, and other employees now in States and counties have retirement systems. We are about the only group that has not some provision of this kind, outside of some that have not been covered under social security. Eventually it is hoped that social security will cover everybody in private employment, and I think eventually it will.

If that is not done, we will have a general old-age pension, which will take the place of it. I think eventually we will have a universal Federal old-age-pension system of some kind.

Mr. FISHER. Do you wish me to present the proposed amendments now? We have discussed most of them here, Mr. Chairman. The first one is on page 4, line 12, just preceding subsection (b), where it is proposed to insert the following clause at the beginning of said subsection and as a part thereof:

Except as may now or hereafter be provided by law.

The CHAIRMAN. What is the purpose of that?

Mr. FISHER. Congress has already passed an act, the act of June 28, 1940, permitting the War and Navy Departments to reemploy persons

who have been retired, or those who hereafter retire, notwithstanding they have reached the age for automatic separation.

I think there is a bill pending now permitting the F. B. I. agents to be reemployed after reaching the retirement age. I think there was also a provision in the public-roads bill which was recently vetoed. We thought there might well be some provision of that sort in the bill under consideration.

The CHAIRMAN. You want that to be a part of subsection (b) ?

Mr. FISHER. Yes, sir.

The CHAIRMAN. What is the next amendment?

Mr. FISHER. On page 5, the Commission is recommending the insertion of an added section, between lines 17 and 18, and renumbering the subsequent sections of the bill.

The proposed new section reads as follows:

SEC. 4. Section 4 (b) of the Act of May 29, 1930, as amended by the Act of August 4, 1939, is amended by striking out the period at the end of section 4 (b) and inserting in lieu thereof a semicolon, and by adding the following sentence after the semicolon: "Nor shall such total annuity paid be less than an amount equal to the average annual basic salary, pay, or compensation received by the employee during any five consecutive years of allowable service at the option of the employee, multiplied by the number of years of service, not exceeding thirty-five years, and divided by seventy."

The CHAIRMAN. What is the next proposed amendment?

Mr. FISHER. The next is on page 6, after the word "Act" on line 10, strike out the period and insert a colon and add the following sentence after the colon:

Provided further, That nothing in this Act shall be so construed as to prohibit the refund of deductions, deposits, or redeposits made prior to the effective date of this Act with interest thereon, or of any voluntary contributions made under the provisions of section 10 of this Act, with interest: *And provided further*, That all moneys, except voluntary contributions, so refunded an officer or employee must be redeposited with interest before such officer or employee may derive any annuity benefits based on the service covered by the refund.

The bill as introduced prohibits any refund. It is thought, and this amendment provides, that as the employees have already had the privilege of refunds under existing law, it might be well to give them the option of taking a refund for service under the existing law, but if they take the money out they may not have any annuity benefits or derive any annuity based on the service covered by those refunds unless they are redeposited.

The CHAIRMAN. What is the next amendment?

Mr. FISHER. The next is on page 7, line 4, and that has to do with the date when this bill becomes effective. We are suggesting the striking out of the date "June 30, 1941," and inserting in lieu thereof "January 1, 1942."

Then, on page 7, line 6, it is proposed to strike out "July 1, 1941," and insert in lieu thereof "January 1, 1942."

Mr. GALE. Why is that?

The CHAIRMAN. That is because the dates set forth in the bill have passed, and this makes it effective in the future.

What is your next amendment?

Mr. FISHER. The next amendment proposed is on page 7, line 9, where it is proposed to strike out "June 30, 1941," and insert in lieu thereof "December 31, 1941."

The CHAIRMAN. What is the next proposed amendment?

Mr. FISHER. The next proposed amendment is on page 8, line 22, at the end of the bill, having to do with the effective date. This may need a little discussion.

We propose to strike out "July 1, 1941," and insert in lieu thereof "upon approval, except as otherwise provided herein."

The contribution rate will not commence until January 1, 1942, but this act would become immediately effective upon approval by the President.

The CHAIRMAN. The charts submitted by Mr. Fisher will be inserted in the record at this point.

(The charts above referred to are as follows:)

Table showing at retirement ages indicated the approximate annuities that will be payable to employees who entered the service on or after July 1, 1930, based on accumulations¹ of salary deductions of 3½ percent and 5 percent, for service of 30 and 35 years

MALE—NONFORFEITURE

Fixed salary	3½-percent contributions						5-percent contributions						
	Service, 30 years			Service, 35 years			Service, 30 years			Service, 35 years			
	62	65	70	62	65	70	60	70	60	70	60	70	
\$500	\$314.75	\$314.75	\$314.75	\$413.33	\$413.33	\$413.33	\$743.80	\$743.80	\$743.80	\$743.80	\$976.77	\$976.77	
{ Annuity: Employee Government	25.07 375.00	26.90 375.00	30.68 375.00	32.92 375.00	35.32 375.00	40.29 375.00	56.70 375.00	72.51 375.00	74.45 375.00	75.00 375.00	75.00 375.00	95.22 375.00	95.22 375.00
Total	400.07	401.90	405.68	407.92	410.32	415.29	431.70	447.51	449.45	449.45	470.22	470.22	
\$1,000	1,315.87	1,315.87	1,315.87	1,728.03	1,728.03	1,728.03	2,173.97	2,173.97	2,173.97	2,173.97	2,854.91	2,854.91	
{ Annuity: Employee Government	104.81 750.00	112.46 750.00	128.28 750.00	136.64 750.00	147.68 750.00	168.46 750.00	165.71 750.00	211.93 750.00	217.62 750.00	217.62 750.00	278.31 750.00	278.31 750.00	
Total	854.81	862.46	878.28	887.64	897.68	918.46	915.71	961.93	967.62	967.62	1,028.31	1,028.31	
\$2,000	2,316.98	2,316.98	2,316.98	3,042.72	3,042.72	3,042.72	3,604.13	3,604.13	3,604.13	3,604.13	4,733.04	4,733.04	
{ Annuity: Employee Government	184.55 940.45	198.01 926.99	225.87 900.00	242.35 900.00	250.04 900.00	296.62 900.00	274.72 900.00	351.35 900.00	360.78 900.00	360.78 900.00	461.40 900.00	461.40 900.00	
Total	2,1,125.00	2,1,125.00	1,125.87	1,142.35	1,160.04	1,196.62	1,174.72	1,251.35	1,200.78	1,200.78	1,361.40	1,361.40	
\$1,500	3,318.10	3,318.10	3,318.10	4,357.41	4,357.41	4,357.41	5,034.30	5,034.30	5,034.30	5,034.30	6,611.17	6,611.17	
{ Annuity: Employee Government	264.28 935.72	283.57 916.43	323.46 900.00	347.06 900.00	372.40 900.00	424.78 900.00	388.74 900.00	490.77 900.00	503.94 900.00	503.94 900.00	644.49 900.00	644.49 900.00	
Total	2,1,200.00	2,1,200.00	1,223.46	1,247.06	1,222.40	1,324.78	1,283.74	1,390.77	1,403.94	1,403.94	1,544.49	1,544.49	

Salary deductions less \$1 a month accumulated at 4 percent interest compounded annually.

2 Total annuities computed by plan II.

Factors to obtain employees' annuities, effective Feb. 1, 1940: Age 62, 0.07963495; age 65, 0.0854628; age 70, 0.0974849.

Table showing at retirement ages indicated the approximate annuities that will be payable to employees who entered the service on or after July 1, 1930, based on accumulations of salary deductions of 3½ percent and 5 percent, for service of 30 and 35 years—Continued

MALE—NONFORFEITURE

Fixed salary	3½-percent contributions						5-percent contributions			
	Service, 30 years			Service, 35 years			Service, 30 years		Service, 35 years	
	62	65	70	62	65	70	60	70	60	70
\$3,200	\$5,720.78	\$5,720.78	\$5,720.78	\$7,512.68	\$7,512.68	\$7,512.68	\$8,466.70	\$8,466.70	\$11,118.69	\$11,118.69
Accumulations										
Annuity:										
Employee	455.66	488.91	557.69	598.38	642.05	732.37	645.38	825.37	847.52	1,083.90
Government	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	1,083.90
Total	1,355.66	1,388.91	1,457.69	1,498.38	1,542.05	1,632.37	1,545.38	1,725.37	1,747.52	2,167.80
\$3,800	6,922.12	6,922.12	6,922.12	9,090.31	9,090.31	9,090.31	10,182.90	10,182.90	13,372.45	13,372.45
Accumulations										
Annuity:										
Employee	551.34	591.58	674.80	724.04	776.88	886.17	776.19	992.68	1,019.32	1,303.61
Government	900.00	900.00	900.00	900.00	900.00	900.00	900.00	992.68	1,019.32	1,303.61
Total	1,451.34	1,491.58	1,574.80	1,624.04	1,676.88	1,786.17	1,676.19	1,985.36	2,038.64	2,607.22
\$4,600	8,523.91	8,523.91	11,193.82	11,193.82	11,193.82	11,193.82	12,471.17	12,471.17	16,377.46	16,377.46
Accumulations										
Annuity:										
Employee	678.92	728.48	830.95	891.58	956.65	1,091.23	950.62	1,215.75	1,248.38	1,596.55
Government	900.00	900.00	900.00	900.00	956.65	1,091.23	950.62	1,215.75	1,248.38	1,596.55
Total	1,578.92	1,628.48	1,730.95	1,791.58	1,913.30	2,182.46	1,901.24	2,431.50	2,496.76	3,193.10
\$5,600	10,526.14	10,526.14	13,823.21	13,823.21	13,823.21	15,351.51	15,351.51	20,133.73	20,133.73	20,133.73
Accumulations										
Annuity:										
Employee	838.40	899.59	1,026.14	1,101.01	1,181.37	1,347.55	1,168.65	1,494.59	1,534.70	1,962.73
Government	900.00	900.00	1,026.14	1,101.01	1,181.37	1,347.55	1,168.65	1,494.59	1,534.70	1,962.73
Total	1,738.40	1,799.59	2,052.28	2,202.02	2,362.74	2,695.10	2,337.30	2,989.18	3,069.40	3,925.46

	12,328.16	12,328.16	12,328.16	16,189.66	16,189.66	16,189.66	16,189.66	17,905.81	17,905.81	23,514.37
6,500										
Accumulations										
Annuity:										
Employee	981.93	1,053.60	1,201.81	1,289.50	1,383.61	1,578.25	1,364.87	1,746.55	1,792.39	2,292.30
Government	981.93	1,053.60	1,201.81	1,289.50	1,383.61	1,578.25	1,364.87	1,746.55	1,792.39	2,292.30
Total	1,963.86	2,107.20	2,403.62	2,579.00	2,767.22	3,156.50	2,729.74	3,491.10	3,584.78	4,584.60
10,000										
Accumulations										
Annuity:										
Employee	1,540.10	1,652.51	1,884.97	2,022.50	2,170.11	2,475.39	2,197.98	2,721.48	2,794.52	3,573.92
Government	1,540.10	1,652.51	1,884.97	2,022.50	2,170.11	2,475.39	2,197.98	2,721.48	2,794.52	3,573.92
Total	3,080.20	3,305.02	3,769.94	4,045.00	4,340.22	4,950.78	4,255.96	5,442.96	5,589.04	7,147.84
Salary deduction period										
	1930-60		1930-65		1942-72					1942-77

*Example showing the annuities payable to elective officers under secs. 1 and 4 of H. R. 3487 amending Civil Service Retirement Act—
5-percent basis*

[Benefits are prospective and are based on a fixed salary of \$10,000 per annum, contributions at 5 percent of salary during all service credited, and interest on contributions computed at 4 percent compounded annually]

		Full annuity			Reduced annuity
		Retiring at age 70, sec. 1 (a)			Retiring at age 62 optional, see. 1 (b)
		At least 15 years' service			At least 15 years' service
Period of service in years		18	24	30	30
Officer's 5-percent contribution		\$9,000.00	\$12,000.00	\$15,000.00	\$15,000.00
Interest allowed at 4 percent compounded annually during service, minus tontine		3,765.35	7,453.87	12,916.98	12,916.98
Individual account at retirement		12,765.35	19,453.87	27,916.98	27,916.98
Amount of benefit:					
Officer's purchasable annuity ³		1,244.43	1,896.46	2,721.48	2,223.57
Government annuity ⁴		1,244.43	1,896.46	2,721.48	2,223.57
Total annuity		2,488.86	3,792.92	5,442.96	4,447.14
				3,098.98	4,255.96
					3,857.00

Deferred annuity at age 62, sec. 4 (a) and (e)		Immediate annuity at age 55, sec. 4 (a) and (c) ²		Annuity if separation is subsequent to age 62, sec. 4 (a)	
Age at separation from service (based on entrance age 30)		Age at separation from service (based on entrance age 30)		Age at separation	
Separation after at least 5 years of service		Involuntary separation (not for cause) after at least 5 years of service		Involuntary separation (not for cause) after at least 5 years of service	
Period of service in years					
6	12	18	24	6	12
\$3,000.00	\$6,000.00	\$9,000.00	\$12,000.00	\$3,000.00	\$6,000.00
301.65	1,479.29	3,765.35	7,453.87	301.65	1,479.29
3,301.65	7,479.29	12,765.35	19,453.87	3,301.65	7,479.29
3,818.66	6,429.14	6,543.39	5,189.71	2,487.81	3,504.30
7,120.31	13,508.43	19,308.74	24,643.68	5,789.46	10,983.59
Officer's 5 percent contribution					
Interest allowed at 4 percent compounded annually during service, minus (ontine)					
Individual account at separation from service					
Interest allowed at 3 percent compounded annually, from date of separation to date of commencement of benefit					
Total individual account at age benefit will commence					
Amount of benefit:					
Officer's purchasable annuity ³					
Government annuity ⁴					
Total annuity					

¹ This annuity applies only to a member of the House of Representatives as an entrance age of 25 years is assumed.

² The computation of the immediate annuity is on a tentative basis.

³ Officer's purchasable annuity obtained by application of appropriate nonforfeiture factor (male) to individual account at retirement.

⁴ The annuity provided by the government shall not be less than an amount equal to the employee's purchasable annuity.

Examples showing the annuities payable to elective officers under secs. 1 and 4 of H. R. 3487 amending Civil Service Retirement Act—3½ and 5-percent basis

[Benefits are prospective and are based on a fixed salary of \$10,000 per annum, contributions at 3½ percent of salary from Jan. 1, 1931, to Jan. 1, 1942, and 5 percent thereafter, and interest on contributions compounded at 4 percent compounded annually]

		Full annuity			Reduced annuity	
		Retiring at age 70, see. 1 (a)			Retiring at age 62, optional, see. 1 (b)	
		At least 15 years' of service			At least 30 years' of service	
Period of service in years		18	24	30	18	24
Officer's contribution		\$7,350.00	\$10,350.00	\$13,350.00	\$7,350.00	\$10,350.00
Interest allowed at 4 percent compounded annually during service, minus forfeiting		2,700.02	5,668.14	10,219.71	2,700.02	5,668.14
Individual account at retirement		10,050.02	16,018.14	23,569.71	10,050.02	16,018.14
Amount of benefit:						
Officer's purchasable annuity ³		979.72	1,561.53	2,297.69	800.48	1,275.84
Government annuity ⁴		979.72	1,561.53	2,297.69	800.48	1,275.84
Total annuity		1,959.44	3,123.06	4,595.38	1,600.96	2,551.68

		Deferred annuity at age 62, sec. 4 (a) and (e)						Immediate annuity at age 55, sec. 4 (a) and (e) ⁴ (a)		Annuity if separation is subsequent to age 62, sec. 4 (a)	
		Age at separation from service (based on entrance age 30)						Age at separation from service (based on entrance age 30)		Age at separation	
		36	42	48	54	36	42	48	54	66	66
Conditions for retirement											
Period of service in years	6	12	18	24	6	12	18	24	6	6	12
Officer's contribution	\$2,100.00	\$4,350.00	\$7,350.00	\$10,350.00	\$2,100.00	\$4,350.00	\$7,350.00	\$10,350.00	\$2,100.00	\$4,350.00	\$4,350.00
Interest allowed at 4 percent compounded annually during service minus tontine	186.80	983.33	2,700.02	5,668.14	186.80	983.33	2,700.02	5,668.14	186.80	983.33	983.33
Individual account at separation from service	2,286.80	5,333.33	10,450.02	16,018.14	2,286.80	5,333.33	10,450.02	16,018.14	2,286.80	5,333.33	5,333.33
Interest allowed at 3 percent compounded annually from date of separation to date of commencement of benefit	2,644.80	4,299.26	5,151.54	4,273.16	1,723.12	2,498.85	2,310.24	480.54			
Total individual account at age benefit will commence	4,931.69	9,632.59	15,291.56	20,291.30	4,009.92	7,832.18	12,360.26	16,498.68	2,286.80	5,333.33	5,333.33
Amount of benefit:											
Officer's purchasable annuity ²	392.81	787.23	1,210.80	1,616.19	277.00	541.05	873.84	1,139.73	200.38	467.34	467.34
Government annuity ⁴	392.81	767.23	1,210.80	1,616.19	277.00	541.05	853.84	1,139.73	200.38	467.34	467.34
Total annuity	785.62	1,534.46	2,421.60	3,232.38	554.00	1,082.10	1,707.68	2,279.46	400.76	934.68	934.68

¹ This annuity applies only to a member of the House of Representatives as an entrance age of 25 years is assumed.

² The computation of the immediate annuity is on a tentative basis.

³ Officer purchasable annuity obtained by application of appropriate nonforfeiture factor (male) to individual account at retirement.

⁴ The annuity provided by the government shall not be less than an amount equal to the employee's purchasable annuity.

Approximate cost of H. R. 3487 based on estimated number and pay roll of employees subject to Civil Service Retirement Act as of June 30, 1941

Active employees	885,000
Average salary	\$1,822
Total pay roll	\$1,612,470,000

APPROXIMATE ANNUAL COST TO GOVERNMENT WITHOUT PROPOSED AMENDMENTS

	Normal cost		Deficiency cost		Total cost	
	Per-cent	Amount	Per-cent	Amount	Per-cent	Amount
Existing act	2.64	\$42,569,200	5.81	\$93,684,500	8.45	\$136,253,700
H. R. 3487	3.77	60,790,100	5.90	95,135,700	9.67	155,925,800
Increase	1.13	18,220,900	.09	1,451,200	1.22	19,672,100

Approximate annual cost to Government, including amendments:

H. R. 3487 (9.67 percent)	\$155,925,800
If 20 percent take refunds, deduct 10 percent	1,612,470
	154,313,330
Add	¹ 960,000
	154,273,330
H. R. 3487, as revised	136,253,700
Existing act	
	19,019,630

¹ 35/70 guarantee.

NOTE.—In the absence of exact distribution of membership among the retirement-age groups, these statements are subject to revision.

The CHAIRMAN. If there is nothing further, the committee will adjourn, subject to the call of the chairman.

(Thereupon the committee adjourned, subject to the call of the chairman.)

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., August 23, 1941.

Hon. ROBERT RAMSPECK,
Chairman, Civil Service Committee,
House of Representatives, Washington, D. C.

DEAR MR. RAMSPECK: Supplementing my testimony at the hearing before your committee on August 12, 1941, on H. R. 3487, and in pursuance of your request, I submit the following data:

COST OF SERVICE RETIREMENT

It was stated at the hearing that service retirement, or the amendment of section 1 of the Retirement Act, was one of the two principal reasons for the increased cost over the present law. This amendment would involve the following changes:

1. Optional retirement for employees after reaching age 60 and having at least 30 years of service.
2. Optional retirement for employees after reaching at least age 62 and having at least 15 years of service.

3. Optional retirement by the employing agencies under the above limitations of age and service with right of appeal and hearing on the part of employees.

4. Optional retirement for employees after reaching age 55, with 30 years of service with reduced annuity having a value of the present worth of the deferred annuity at age 60.

5. Permitting qualified employees with mental and physical fitness to continue in the service until they reach age 70, with at least 15 years of service when they shall be separated for retirement unless continued by Executive order.

In response to my inquiry as to what part of the additional cost of \$19,000,000 is represented by the proposed service retirement, the chairman of the board of actuaries has advised me as follows:

We are unable to answer your question precisely because we do not have any basis upon which to split the accrued liability rate between the various benefits of the fund. However, we have made what we believe to be a fairly representative estimate and find that approximately \$12,280,969 of the increased cost of \$19,019,630 can be allocated to the service benefit.

Frequency of optional retirement.—The question arose at the hearing as to how many of those eligible for optional retirement under H. R. 3487 it was assumed by the board of actuaries would exercise the option. In my testimony I stated that I thought only about 5 percent of those eligible for optional retirement under the present law exercised the option granted them of retiring with 30 years of service, 2 years before the mandatory age of retirement. That estimate I believe now to be too low. We have no records available to show the exact figures desired.

We know that there were 30,216 on the annuity roll as of June 30, 1940, retired for age, and on the roll as of that date were 6,318 who had been retired optionally after 30 years of service. We also know that during 1940 there were 4,244 retired for age as against 707 retired optionally after 30 years of service. However, neither of these figures gives us a very exact picture because we should know the number who were eligible to exercise the option but did not do so. This particular data could be secured after only extended research study.

The chairman of the board of actuaries advises me that the board did not assume that all employees eligible for optional retirement would exercise the option to so retire before the mandatory age. He did state that the following are the rates of retirement assumed for active members eligible to retire under the optional provision:

Calculations used in estimating cost of H. R. 3487

Age	Postal employees	General employees	Age	Postal employees	General employees
60	\$0.1995	\$0.2200	66	\$0.1800	\$0.1735
61	.1920	.1455	67	.2075	.1980
62	.1214	.1160	68	.2575	.2370
63	.1322	.1268	69	.4200	.3250
64	.1412	.1393	70	1.0000	1.0000
65	.1600	.1543			

Each rate given above will reflect in a general way the percentage of the members still alive during the year who will take optional retirement.

Approximate percentages under existing law by Commission actuary.—In the absence of complete statistical data for making such a study, the actuary of the Commission projected the 1935 quinquennial valuation data with respect to the number of employees then eligible for optional retirement, and from the number actually retired under the option, during the years 1936 to 1939, computed the following approximate percentages for the service as a whole:

	Percent		Percent
1936-----	19.5	1938-----	19.4
1937-----	21.8	1939-----	18.7

In view of all the above, it would seem that the rates of optional retirement will be greater than we had anticipated.

DISCONTINUED SERVICE BENEFIT

The amendment of section 7, which vests title to annuity in the persons who separate from employment after 5 years of service, etc., is the discontinued service benefit. You asked what that particular amendment would cost. In this connection the chairman of the board of actuaries makes the following comment:

The fifth point relates to the analysis of the difference in the discontinued service costs between the two plans. Our estimates indicate that the Government's annual normal cost on account of the discontinued service benefit is about \$7,576,688 higher under H. R. 3487 than under the existing plan. Furthermore, there is a deficiency contribution on account of the discontinued service benefit under both the existing plan and H. R. 3487, although we have no satisfactory method of determining for either plan the exact size of this deficiency contribution. However, an estimate would indicate that H. R. 3487 requires a Government deficiency contribution on account of discontinued service, which is about \$217,680 greater than the corresponding contribution under the existing fund. Adding together the estimated increase in the Government's annual normal contribution on account of discontinued service or \$7,576,688 and the corresponding increase on account of the deficiency contribution or \$217,680, gives \$7,794,368 as the part of the increase of \$19,019,630 which can be allocated to the discontinued service benefit.

GENERAL COST COMMENT

The chairman of the board of actuaries makes the following comment on general cost figures:

Please note that when you add the estimated increased cost of the service benefit of \$12,280,969 to the estimated increase in cost of the discontinued service benefit of \$7,794,368, you get \$20,075,337 which is greater than the increase of \$19,019,630 which you show. The explanation lies in the fact that when you make these changes you reduce the number of disability claims somewhat, and you affect the routine element. The net saving on these two items explains the difference.

In closing, I might state that nearly all of the figures requested in your letter belong to types which are very difficult to ascertain by actuarial methods, unless one knows at the time of a valuation that they will be requested at a later date. Hence, I wish to emphasize that the figures quoted in this letter are for the most part approximations which we have made rather hurriedly in order that you will have a reasonable idea as to the costs involved. However, I believe that the figures are sufficiently accurate to enable you to give the committee the information it desires with a fair degree of assurance.

Deficiency cost.—May I observe in connection with the cost of the proposed amendments that the largest part thereof is due to what is known as the deficiency cost or accrued liability rather than to the

normal Government cost. It will be noted from the memorandum which I submitted at the hearings, showing the cost of the present law and of the new bill, that the Government's normal cost under H. R. 3487 is 3.77 percent of the pay roll. That is the cost if all employees were taken on without previous Government service. As the employees would be contributing 5 percent of salary under the new bill the normal Government cost would be 1.23 percent less than the portion the employees bear. It is only when we get into the deficiency cost or accrued liability that the Government's share becomes very material. This is due to a number of reasons, and among them is the fact that though the Retirement Act was passed in 1920, Congress did not appropriate any money to meet its share of the cost until the fiscal year 1929. Other reasons for the deficiency, and comment thereon, are given in a recent statement by the chairman of the board of actuaries, as follows:

At this point one very important distinction must be made. We have defined the "normal" rate as that percentage of salary which if paid into the fund by or in behalf of any member from the time he entered service until he quits the service, would be sufficient to pay the promised benefits. It is a known fact that the "normal" rate has not been paid into the system in the past in behalf of every member from the time he entered the system. For example, since the fund was not even started until 1920, it is obvious that the normal rate was not paid in behalf of members who entered the service of the Government before 1920 and that, therefore, when the fund commenced in 1920 it lacked the money that would have been on hand had the normal rate been paid during their previous service. This we called the accrued liability or the deficiency. We have estimated that at the time of the 1935 valuation the fund, if operating under its present benefits, had a deficiency or accrued liability of \$1,176,806,913.

If in the future we collect the full normal rate for each employee and in addition gradually make up the deficiency resulting from the fact that full normal payments have not been made in the past, it stands to reason that eventually only the normal rate will need to be paid.

It was decided in 1927 that the "deficiency" of the civil-service retirement and disability fund should all be paid up by a series of payments based on a percentage of the future pay roll over a period of years ending in 1998. Each year the board of actuaries calculates the payment necessary to liquidate the "deficiency" in accordance with the Government's plan. This payment is then expressed as a percentage of pay roll and called the deficiency rate. For example, in 1939 the average deficiency rate for all groups of employees was 5.81 percent of pay roll, or \$69,419,946. Expressed in general language, the figure of \$69,419,946 represented the amount which was needed from the Government over and above the "normal" payment in order to make the necessary amortization payment against the "deficiency" so that the latter will be liquidated by 1998.

A careful study of all the facts will lead to the conclusion that the present deficiency cost is largely attributable to the following conditions:

- (1) The Government has not made the full appropriations.
- (2) The benefits of the fund have been liberalized by amendments.
- (3) New members have been admitted and permitted to claim credit for prior service.

Conclusion.—While the entire cost of retirement seems quite large at present, it should be borne in mind that it will be reduced to the normal cost after the Government has met its accrued liability or deficiency cost which arose for the reasons indicated above.

With kind regards, I am,
Very sincerely yours.

LEWIS H. FISHER,
Chief, Retirement Division.



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AMENDING FURTHER THE CIVIL SERVICE RETIREMENT ACT

OCTOBER 20, 1941.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. RAMSPECK, from the Committee on the Civil Service, submitted the following

REPORT

To accompany H. R. 3487]

The Committee on the Civil Service, to whom was referred the bill (H. R. 3487) to amend further the Civil Service Retirement Act approved May 29, 1930, as amended, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

On page 3, line 23, strike out "(50 Stat. 512)".

On page 3, line 24, after "July 13, 1937", insert "(50 Stat. 512)".

On page 4, line 12, strike out "(b) No" and in lieu thereof insert "(b) Except as may now or hereafter be provided by law no".

On page 4, line 20, strike out the word "or" and insert in lieu thereof "and".

On page 4, line 22, strike out the word "or" and insert in lieu thereof "and".

On page 5, between lines 17 and 18, add the following as section 4:

SEC. 4. Section 4 (b) of the Act of May 29, 1930, as amended by the Act of August 4, 1939, is amended by striking out the period at the end of section 4 (b) and inserting in lieu thereof a semicolon, and by adding the following sentence after the semicolon: "Nor shall such total annuity paid be less than an amount equal to the average annual basic salary, pay, or compensation received by the employee during any five consecutive years of allowable service at the option of the employee, multiplied by the number of years of service, not exceeding thirty-five years, and divided by seventy."

On page 5, line 18, renumber section as "5" instead of "4".

On page 6, line 10, after the word "Act", strike out the period, insert a colon, and add the following after the colon:

Provided further, That nothing in this Act shall be so construed as to prohibit the refund of deductions, deposits, or redeposits made prior to the effective date of this Act with interest thereon, or of any voluntary contributions made under the

provisions of section 10 of this Act, with interest: *And provided further*, That all moneys, except voluntary contributions, so refunded an officer or employee must be redeposited with interest before such officer or employee may derive any annuity benefits based on the service covered by the refund.

On page 6, line 25, renumber section as "6" instead of "5".

On page 7, line 4, strike out "June 30, 1941" and insert in lieu thereof "January 1, 1942".

On page 7, line 6, strike out "July 1, 1941" and insert in lieu thereof "January 1, 1942".

On page 7, line 7, renumber section as "7" instead of "6".

On page 7, line 9, strike out "June 30" and insert in lieu thereof "December 31".

On page 7, line 14, renumber section as "8" instead of "7".

On page 8, between lines 16 and 17, add the following as section 9:

SEC. 9. Section 13 of the Act of May 29, 1930, as amended is hereby amended, effective from January 1, 1940, by adding at the end thereof the following paragraph:

"The term annuitant as used in this Act shall include any employee who has met all requirements of the Act for title and has filed claim therefor, notwithstanding final administrative action was not taken by the Civil Service Commission prior to his death. Nothing in this section shall be so construed as to reduce any benefit otherwise payable."

On page 8, line 17, renumber section as "10" instead of "8".

On page 8, line 22, renumber section as "11" instead of "9".

On page 8, line 22, strike out "July 1, 1941" and add "upon approval except as otherwise provided herein".

GENERAL STATEMENT

Extensive study has demonstrated the need for modification of several phases of the civil-service-retirement law including the standardization of retirement ages, provision for earlier optional retirement than is now permissible, extension of retirement security to all Federal officers and employees, adjustment of rates of annuity to enable the Government to recruit and retain the services of able professional, scientific, and administrative officials, and the vesting of retirement benefits for all officers and employees who render at least 5 years of service. Other changes have been advocated, some of which may be desirable but the amendments proposed herewith are deemed to be the most urgently needed. An adequate retirement system is absolutely essential to a high-grade public personnel administration.

The committee recommends that the Civil Service Commission conduct a further study of the several retirement systems for officers and employees of the Federal and District of Columbia Governments with a view to the coordination and standardization of such systems.

COMMENT

Section 1 eliminates 62 and 65 as ages for automatic separation, and provides the following changes:

1. Optional retirement for employees after reaching age 60 and having at least 30 years of service.

2. Optional retirement for employees after reaching at least age 62 and having at least 15 years of service.

3. Optional retirement by the employing agencies under the above limitations of age and service with right of appeal and hearing on the part of employees before the Civil Service Commission.

4. Optional retirement for employees after reaching age 55, with 30 years of service, with reduced annuity having a value of the present worth of the deferred annuity at age 60.

5. Permitting qualified employees with mental and physical fitness to continue in the service until they reach age 70, with at least 15 years of service when they shall be separated for retirement unless continued by Executive order.

As has been repeatedly said, superannuation is not a question of age alone. Many employees of advanced years are capable of rendering efficient service, and their past experience makes them most valuable to the Government. Thus the extension of the retirement age in these cases is in the interest of the Government and to the benefit of the employee in that the added service will eventually increase his rate of annuity. Experience has demonstrated that employees in good physical condition are generally loath to end their employment, but desire to continue so long as they are able to render efficient service.

The advantages of earlier optional retirement to both the employer and the employee is recognized by the inclusion of such provision in most public retirement systems. The addition of such a provision to existing law would result in a reduction of the number of employees who retire on disability, thereby effecting a saving in the administrative cost.

Section 2 prohibits the continuance of employees in the service beyond the compulsory age for automatic separation from the service except by Executive order, and excludes from any compulsory separation age certain officers and employees in the legislative and judicial services.

Section 3 extends the coverage of the Civil Service Retirement Act to all officers and employees in or under the executive, judicial, and legislative branches of the Federal Government, and to all officers and employees of the municipal government of the District of Columbia, except that the coverage will not apply to those already subject to another retirement act. Elective officers come within the purview of the Retirement Act at their option. Intermittent employees may be excluded by Executive order.

By the terms of this section retirement security is provided for all officers and employees of the Federal and District of Columbia Governments.

Section 4: This amendment provides a minimum annuity of one-seventieth of salary for each year of service up to 35 years, and will provide a more equitable recognition of long and faithful service of employees in the higher-salaried groups by the granting of annuities more nearly proportionate to their active-service salaries. The economic shock caused by the wide difference between their retirement annuity and the salary to which they have been accustomed causes many employees to make every effort to continue on duty even after they find they can no longer maintain an efficient output of work.

Under the present law employees in salary groups up to \$1,600 per annum, who have rendered 30 years of service, are granted annuities equal to 75 percent of their basic salaries; while employees in salary

group from \$1,600 to \$2,400 per annum, with 30 years of service, may receive annuities up to 50 percent or more of their salaries. The percentage rate of annuities to salaries in the higher grades is as low and sometimes lower than 20 percent of salary.

The Foreign Service retirement system provides that retiring employees with 30 years of service may receive an annuity equal to 60 percent of active-service pay.

Army, Navy, and Marine Corps and Coast Guard officers, and scientific employees of the Public Health Service and the Coast and Geodetic Survey (commissioned officers), receive 75 percent of their final pay at the time of retirement.

This amendment is in accord with the principles of the recommendation of the President's Committee on Civil Service Improvement, headed by Mr. Justice Stanley Reed.

Section 5 amends section 7 of the existing act by providing annuity benefits for those who are separated after an aggregate of at least 5 years of service, such benefits to commence at age 62, or in case of an involuntary separation, without delinquency, the retirement benefits on a reduced basis may commence at age 55. The contributions of the officers and members are retained in the civil-service retirement and disability fund, and interest allowed thereon at the rate of 3 percent compounded annually until the age for retirement is reached. As civil-service retirement is primarily an old-age benefit the committee believes each member's contributions should be retained in the fund until he reaches the age for an annuity benefit. The civil-service retirement system is designed to improve the personnel of the Federal Government by providing a humane means for keeping the service free of disabled and superannuated employees. However, under the amended provision the security of employees who leave the Government after 5 years of service is provided for by granting a benefit on the service performed to be enjoyed at a time when optional retirement benefits are granted those with longer service. By the provisions of the amended section employees who leave the Government and who are subsequently employed in industry at work covered by the Social Security Act will thus obtain the benefits afforded by both the Retirement Act and the Social Security Act without the expensive, cumbersome, and complicated method which has been suggested of transferring credits between the retirement fund and the social-security fund.

As a right of refund upon separation prior to becoming eligible to annuity exists under the present law regardless of length of service, and as those now subject to the act came within its provisions when the right of refund existed, provision has been made that the present members of the fund may receive refunds of their contributions for all service prior to the effective date of the bill, or be permitted to leave their contributions in the fund to accumulate at interest with which to purchase an annuity at age 62. If the employee elects a refund, redeposit of the same with interest must be made before he may receive any annuity benefits based on the service covered by the refund. Voluntary deposits may be refunded upon separation and need not be redeposited.

Section 6 provides for the purchase of service credit rendered on and after January 1, 1942, at the rate of 5 percent of compensation.

Section 7 provides for contributions by officers and employees

within the purview of the Retirement Act at the rate of 5 percent of compensation from and after January 1, 1942. The present rate is 3½ percent of compensation.

Section 8 amends section 12 of the existing act to authorize refunds for service of less than 5 years.

Section 9 defines the term "annuitant" so as to protect the rights of members of the fund who die before the adjudication of their claims has been completed.

Section 10 makes provision to protect the retirement and refund rights of employees separated before the effective date of this act.

Section 11 provides for effective date upon approval except as otherwise indicated.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in the Retirement Act of May 29, 1930, as amended, are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

SEC. 1. All employees to whom this Act applies who, before its effective date shall have attained or shall thereafter attain the age of seventy years and rendered at least fifteen years of service computed as prescribed in section 5 of this Act shall be eligible for retirement on an annuity as provided in section 4 hereof: *Provided*, That city, rural, and village letter carriers, post office clerks, sea-post clerks, employees of the Indian Service at large excepting clerks, laborers, and mechanics generally shall, under like conditions, be eligible for retirement at sixty-five years of age and that railway postal clerks, mechanics and laborers in navy yards including leading men and quartermen but excluding master mechanics and foremen, and those employees engaged in pursuits whose occupation is hazardous or requires great physical effort, or which necessitates exposure to extreme heat or cold, and those employees whose terms of service shall include fifteen years or more of such service rendered in the Tropics, shall be eligible at sixty-two years of age; the classification of employees for the purpose of assignment to the various age groups shall be determined jointly by the Civil Service Commission and the head of the department, branch, or independent office of the Government concerned: *Provided further*, That any such employee who was employed as a mechanic for the major portion of his service, and not less than fifteen years, and was subsequent to August 20, 1920, involuntarily transferred to employment as a laborer and thereafter involuntarily discharged from the service of the United States, shall receive such annuity as he would have been entitled to, it on the day of his discharge from the service he had been retired under the provisions of this Act: *Provided further*, That any mechanic, having served thirty years, who was, through no fault of his own, transferred or reduced to a minor position, and who shall have attained, or who shall thereafter attain the age of sixty-two years, shall have his annuity computed upon his average annual basic salary, pay, or compensation for the last ten years of his service as a mechanic: *Provided further*, That the term "mechanics," as used in this Act, shall include all employees in the Government Printing Office whose duties are to supervise, perform, or assist in apprentice, helper, or journeyman work of a recognized trade or craft, as determined by the Public Printer.

【All employees to whom this Act applies, who would be eligible for retirement from the service upon attaining the age of seventy years, sixty-five years, or sixty-two years, as the case may be, shall, after attaining the age of sixty-eight years, sixty-three years, and sixty years, respectively, and having rendered at least thirty years' service, computed as provided in section 5 of this Act, be eligible for retirement on an annuity as provided in section 4 of this Act. Retirement under the provisions of this paragraph shall be at the option of the employee but if such option is not exercised prior to the date upon which the employee would otherwise be eligible for retirement from the service, the provisions of this Act with respect to automatic separation from the service shall apply.】

SEC. 1. (a) All officers and employees to whom this Act applies who shall have attained, or shall hereafter attain the age of seventy years and have rendered at least fifteen years of service computed as prescribed in section 5 of this Act shall be eligible for retirement on an annuity as provided in section 4 hereof.

(b) Any officer or employee to whom this Act applies who shall have attained, or shall hereafter attain the age of sixty years and have rendered at least thirty years of service computed as prescribed in section 5 of this Act, or who shall have attained, or shall hereafter attain the age of sixty-two years and have rendered at least fifteen years of such service may, upon his own option, retire and shall be paid an annuity computed as provided in section 4 of this Act.

(c) The head of a department or independent Government agency concerned may request the retirement of any such officer or employee described in subsection (b) of this section who, by reason of a disqualification is unable to perform satisfactorily and efficiently the duties of his position or some other position of the same grade or class as that occupied by the employee and to which he could be assigned. No such request shall be submitted to the Civil Service Commission unless and until the said officer or employee has been notified in writing of the proposed retirement. Each such officer or employee shall, upon request by him, have opportunity for a hearing before the Civil Service Commission, at which hearing the officer or employee may appear in person or he may be represented by a person of his choice. No such officer or employee shall be so retired unless the Civil Service Commission after examination finds that he is so disqualified. The determination of the Civil Service Commission as to whether the officer or employee shall be retired under this subsection shall be final and conclusive. Any person so retired shall be paid an annuity computed as provided in section 4 hereof.

(d) Any officer or employee who has completed thirty years of service computed in accordance with the provisions of section 5 hereof and who has reached or may hereafter reach the age of fifty-five years may voluntarily retire and shall be paid an immediate life annuity beginning on the first day of the month following the date of separation from the service having a value equal to the present worth of a deferred annuity at the age of sixty years computed as provided in section 4 of this Act.

If none of the options provided in this section is exercised prior to the date upon which the officer or employee would otherwise be eligible for retirement from the service, the provisions of this Act with respect to automatic separation from the service shall apply.

SEC. 2. All employees to whom this Act applies shall, on arriving at retirement age as defined in the preceding section, and having rendered fifteen years of service, be automatically separated from the service, and all salary, pay, or compensation shall cease from that date, and it shall be the duty of the head of each department, branch, or independent office of the Government concerned to notify such employees under his direction of the date of such separation from the service at least sixty days in advance thereof: *Provided*, That if the head of the department, branch, or independent office of the Government in which he is employed certifies to the Civil Service Commission that by reason of his efficiency and willingness to remain in the civil service of the United States the continuance of such employee therein would be advantageous to the public service, such employee may be retained for a term not exceeding two years upon the approval and certification by the Civil Service Commission, and at the end of the two years he may, by similar approval and certification, be continued for an additional term not exceeding two years, and so on: *Provided, however*, That after August 20, 1930, no employee shall be continued in the civil service of the United States beyond the age of retirement for more than four years, except that where the head of the department or establishment certifies, and the Civil Service Commission agrees, that by reason of expert knowledge and special qualifications the continuance of the employee would be advantageous to the public service, further extensions of two years may be granted.

Whenever an employee shall make application for such continuation in the civil service, and shall submit acceptable proof of his present physical fitness to perform his work, it shall be the duty of the head of the department, branch, or independent office of the Government concerned to obtain from the immediate superior in the service of such applicant all efficiency ratings and other information on file respecting the character of the work of such applicant, and shall also obtain from such immediate superior his opinion in writing with respect to the efficiency of the work performed by such applicant. From such information shall be eliminated increases in ratings, credits, and other preferences for any cause whatsoever other than the character of work actually performed. Should such information show that the applicant has been efficient and competent during the

two years next preceding his application for continuance in the civil service, the head of the department, branch, or independent office of the Government concerned shall, as of course, certify to the United States Civil Service Commission that, by reason of the efficiency and willingness of such applicant to remain in the civil service of the United States, the continuance of such employee would be advantageous to the public service.

【No person separated from the service who is receiving an annuity under the provisions of section 1 of this Act, shall be employed again in any position within the purview of this Act.】

SEC. 2. (a) *Except as provided in section 204 of the Act of June 30, 1932 (47 Stat. 404), and section 3 of the Act of July 13, 1937 (50 Stat. 512), all officers or employees to whom this Act applies shall, on the last day of the month in which they attain retirement age as defined in the preceding section; and having rendered at least fifteen years of service, be automatically separated from the service, and all salary, pay, or compensation shall cease from that date, and it shall be the duty of the head of each department, branch, or independent office of the Government concerned to notify each such employee under his direction of the date of his separation from the service at least sixty days in advance thereof: Provided, however, That no provision of this or any other any other Act relating to automatic separation from the service shall have any application whatever to any elective officer.*

(b) *Except as may now or hereafter be provided by law, no person separated from the service who is receiving an annuity under the provisions of section 1 of this Act shall be eligible again to appointment to any appointive office, position, or employment under the United States or of the government of the District of Columbia.*

【SEC. 3. This Act shall apply to the following employees and groups of employees:

】(a) All employees in the classified civil service of the United States, including all persons who have been heretofore or may hereafter be given a competitive status in the classified civil service, with or without competitive examination, by legislative enactment, or under civil service rules promulgated by the President, or by Executive orders covering into the competitive classified service groups of employees with their positions or authorizing the appointment of individuals to positions within such service.

】(b) Superintendents of United States national cemeteries, and such employees of the offices of solicitors of the several executive departments, of the Architect of the Capitol, of the Library of Congress, of the United States Botanic Garden, of the recorder of deeds and register of wills of the District of Columbia, of the United States Soldiers' Home, of the National Home for Disabled Volunteer Soldiers, of the State Department, without the continental limits of the United States who are United States citizens and not within the Foreign Service as defined in the Act of May 24, 1924, and amendments thereof, and of the Indian Service at large whose tenure of employment is not intermittent nor of uncertain duration.

】(c) All employees of the Panama Canal on the Isthmus of Panama who are citizens of the United States and whose tenure of employment is not intermittent nor of uncertain duration.

】(d) Unclassified employees of the United States in all cities and in all establishments or offices in which appointments are made under labor regulations approved by the President, or from subclerical or other registers for the classified service; and unclassified employees transferred from classified positions: *Provided, That these groups shall include only those employees whose tenure of employment is not intermittent nor of uncertain duration.*

】(e) All regular annual employees of the municipal government of the District of Columbia, appointed directly by the commissioners or by other competent authority, including those employees receiving per diem compensation paid out of general appropriations and including public-school employees, excepting school officers and teachers.

】(f) All employees and groups of employees to whom the benefits of the Act of May 22, 1920, and amendments thereof, shall have been extended by Executive orders.

】(g) This Act shall not apply to such employees of the Lighthouse Service as come within the provisions of section 6 of the Act of June 20, 1918, entitled "An Act to authorize aids to navigation and for other works in the Lighthouse Service, and for other purposes", nor to members of the police and fire departments of the municipal government of the District of Columbia, nor to such employees or groups of employees as may have been before the effective date of this Act excluded

by Executive orders from the benefits of the Act of May 22, 1920, and amendments thereof.

[(h) The provisions of this Act may be extended by Executive order, upon recommendation of the Civil Service Commission, to apply to any employee or group of employees in the civil service of the United States not included at the time of its passage. The President shall have power, in his discretion, to exclude from the operation of this Act any employee or group of employees in the civil service whose tenure of office or employment is intermittent or of uncertain duration.]

[(i) Any officer or employee to whom the Act of July 13, 1937 (Public, Numbered 206, Seventy-fifth Congress, first session), applies who has failed to exercise the option provided thereby to come within the terms of the Retirement Act of May 29, 1930, as amended, may exercise such option within six months from the effective date of this Act.]

SEC. 3. (a) This Act shall apply to all officers and employees in or under the executive, judicial, and legislative branches of the United States Government, all elective and appointive officers in or under the said branches, and to all officers and employees of the municipal government of the District of Columbia: Provided, however, That this Act shall not apply to any such officer or employee of the United States or of the municipal government of the District of Columbia subject to another retirement system for such officers and employees of the said governments, nor to any elective officer until such officer gives notice in writing to the Civil Service Commission of his or her desire to come within the purview of this Act. Said notice must be given in the case of any such person in the legislative branch of the Government on the effective date of this Act, within six months from such effective date, and in the case of any such person elected and serving after the effective date of this Act, within six months from the taking of the oath of office.

(b) The President shall have power, in his discretion, to exclude from the operation of this Act any officer or employee or group of officers or employees in the service whose tenure of office or employment is intermittent or of uncertain duration.

SEC. 4. (a) * * *.

[(b) The total annuity paid shall in no case be less than an amount equal to the average annual basic salary, pay, or compensation, not to exceed \$1,600 per annum, received by the employee during any five consecutive years of allowable service at the option of the employee, multiplied by the number of years of service, not exceeding thirty years, and divided by forty.]

(b) The total annuity paid shall in no case be less than an amount equal to the average annual basic salary, pay, or compensation, not to exceed \$1,600 per annum, received by the employee during any five consecutive years of allowable service at the option of the employee, multiplied by the number of years of service, not exceeding thirty years, and divided by forty; nor shall such total annuity paid be less than an amount equal to the average annual basic salary, pay, or compensation received by the employee during any five consecutive years of allowable service at the option of the employee, multiplied by the number of years of service, not exceeding thirty-five years, and divided by seventy.

[(Sec. 7. Should any employee fifty-five years of age or over to whom this Act applies, after having served for a total period of not less than fifteen years and before becoming eligible for retirement under the conditions defined in section 1 hereof, become involuntarily separated from the service, not by removal for cause on charges of misconduct or delinquency, such employee shall be paid as he or she may elect, either—

[(a) The total amount of his deductions with interest thereon; or

[(b) An immediate life annuity beginning at the date of separation from the service, having a value equal to the present worth of a deferred annuity beginning at the age at which the employee would otherwise have become eligible for superannuation retirement computed as provided in section 4 of this Act; or

[(c) A deferred annuity beginning at the age at which the employee would otherwise have become eligible for superannuation retirement, computed as provided in section 4 of this Act. The right to such deferred annuity shall be evidenced by a proper certificate issued under the seal of the Department of the Interior.

[(Any employee who has served for a period of not less than fifteen years, and who is forty-five years of age, or over, and less than fifty-five years, and who becomes separated from the service under the conditions set forth in this section shall be entitled to a deferred annuity, but such employee may, upon reaching the age of fifty-five years, elect to receive an immediate annuity as provided in paragraph (b) of this section.

¶Should an annuitant under the provisions of this section be reemployed in a position included in the provisions of this Act, or in any other position in the Government service, the annuity shall cease, and all rights and benefits under the provisions of this section shall terminate from and after the date of such employment.

¶This section shall include former employees within the provisions of the Act of May 22, 1920, or said Act as amended or as extended by Executive orders, who may have been separated from the service subsequent to August 20, 1920, under the conditions defined in this section: *Provided*, That in the case of an employee who has received a refund from the "civil-service retirement and disability fund," such employee shall be required to return the amount so received with interest compounded on June 30 of each year at the rate of 4 per centum per annum before he shall be entitled to the benefits of this section.¶

SEC. 7. (a) *Should any officer or employee to whom this Act applies, after having served for a total period of not less than five years and before becoming eligible for retirement become separated from the service, such officer or employee shall be paid a deferred annuity beginning at the age of sixty-two years, computed as provided in clauses (1) and (2) of section 4 (a) of this Act: Provided, That any such person involuntarily separated from the service not by removal for cause on charges of misconduct or delinquency may elect to receive an immediate annuity beginning at the age of fifty-five or at the date of separation from the service if subsequent to that age having a value equal to the present worth of a deferred annuity beginning at the age of sixty-two years, or at age of separation if subsequent to age sixty-two, computed as provided in section 4 of this Act: Provided, further, That nothing in this Act shall be so construed as to prohibit the refund of deductions, deposits, or redeposits made prior to the effective date of this Act with interest thereon, or of any voluntary contributions made under the provisions of section 10 of this Act, with interest: And provided further, That all moneys, except voluntary contributions, so refunded an officer or employee must be redeposited with interest before such officer or employee may derive any annuity benefits based on the service covered by the refund.*

(b) *Should an annuitant under the provisions of this section be reemployed in a position included in the provisions of this Act, the annuity and any right to an immediate or deferred annuity as provided herein shall cease as of the date of such employment. If such annuitant is reemployed in any position in the service of the United States or the District of Columbia, not within the provisions of this Act, annuity payments shall be discontinued during the period of such employment, and resumed in the same amount upon termination of such employment.*

(c) *Interest shall be allowed on the amount credited to such separated officer's or employee's individual account in the retirement fund at 3 per centum compounded on June 30 of each year until the beginning date of annuity.*

SEC. 9. Beginning with the effective date of this Act, all employees who may be brought then or thereafter within the purview of the Act by legislative enactment, or by appointment, or through classification, or by transfer, or reinstatement, or Executive order, or otherwise, shall be required to deposit with the Treasurer of the United States to the credit of the "civil-service retirement and disability fund" a sum equal to 2½ per centum of the employee's basic salary, pay, or compensation received for services rendered after July 31, 1920, and prior to July 1, 1926, and also 3½ per centum of the basic salary, pay, or compensation for services rendered from and after July 1, 1926, and prior to January 1, 1942, and also 5 per centum of such basic salary, pay, or compensation for services rendered on and after January 1, 1942.

SEC. 10. Beginning as of July 1, 1926, there shall be deducted and withheld from the basic salary, pay, or compensation of each employee to whom this Act applies a sum equal to 3½ per centum of such employee's basic salary, pay, or compensation: *Provided, That after December 31, 1941, there shall be deducted and withheld from the basic salary, pay, or compensation of any officer or employee to whom this Act applies a sum equal to 5 per centum of such officer's or employee's basic salary, pay, or compensation.*

SEC. 12. (a) * * *

¶(b) In the case of any employee to whom this Act applies who shall be transferred to a position not within the purview of the Act, or who shall become absolutely separated from the service before becoming eligible for retirement on annuity, the amount credited to his individual account shall be returned to such employee together with interest at 4 per centum per annum compounded on June 30 of each year: *Provided, That when any employee becomes involuntarily separated from the service, not by removal for cause on charges of misconduct or delinquency, the*

total amount of his deductions with interest thereon shall be paid to such employee: *And provided further, That all money so returned to an employee must, upon reinstatement, retransfer, or reappointment to a position coming within the purview of this Act, be redeposited with interest before such employee may derive any benefits under this Act, except as provided in this section, but interest shall not be required covering any period of separation from the service.]*

(b) In the case of any officer or employee to whom this Act applies who shall be transferred to a position not within the purview of this Act, or who shall become absolutely separated from the service before he shall have completed an aggregate of five years of service computed in accordance with section 5 of this Act, the amount of deductions from his basic salary, pay, or compensation credited to his individual account, together with interest at 4 per centum compounded on June 30 of each year shall be returned to such officer or employee: Provided, That when an officer or employee becomes involuntarily separated from the service, not by removal for cause on charges of misconduct or delinquency before completing five years of creditable service the total amount of deductions from his basic salary, pay, or compensation with interest at 4 per centum compounded on June 30 of each year shall be returned to such officer or employee: Provided further, That all deductions from basic salary, pay, or compensation so returned to an officer or employee must, upon reinstatement, retransfer, or reappointment to a position coming within the purview of this Act be redeposited with interest at 4 per centum compounded on June 30 of each year before such officer or employee may derive any benefits under this Act, except as provided in this section, but interest shall not be required covering any period of separation from the service.

The following paragraph is added to section 13 of the act of May 29, 1930, as amended:

The term "annuitant" as used in this Act shall include any employee who has met all requirements of the Act for title and has filed claim therefor, notwithstanding final administrative action was not taken by the Civil Service Commission prior to his death. Nothing in this section shall be so construed as to reduce any benefit otherwise payable.

Sec. 10. Nothing in this Act shall be so construed as to affect any rights of persons separated prior to the effective date of this Act, but all such rights shall continue and may be enforced in the same manner as though this Act had not been made.

Sec. 11. This Act shall take effect upon approval except as otherwise provided herein.

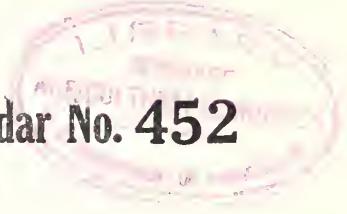


77TH CONGRESS
1ST SESSION

H. R. 3487

[Report No. 1285]

Union Calendar No. 452



IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 19, 1941

Mr. RAMSPECK (by request) introduced the following bill; which was referred to the Committee on the Civil Service

OCTOBER 20, 1941

Reported with amendments, committed to the Committee of the Whole House on the state of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To amend further the Civil Service Retirement Act, approved May 29, 1930, as amended.

1 *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*
2 *That section 1 of the Civil Service Retirement Act approved*
3 *May 29, 1930, as amended, is amended by striking out the*
4 *whole thereof and substituting in lieu thereof the following:*
5
6 “SEC. 1. (a) All officers and employees to whom this
7 Act applies who shall have attained, or shall hereafter
8 attain the age of seventy years and have rendered at least
9 fifteen years of service computed as prescribed in section 5

1 of this Act shall be eligible for retirement on an annuity
2 as provided in section 4 hereof.

3 “(b) Any officer or employee to whom this Act applies
4 who shall have attained, or shall hereafter attain the age of
5 sixty years and have rendered at least thirty years of
6 service computed as prescribed in section 5 of this Act, or
7 who shall have attained, or shall hereafter attain the age of
8 sixty-two years and have rendered at least fifteen years of
9 such service may, upon his own option, retire and shall be
10 paid an annuity computed as provided in section 4 of this
11 Act.

12 “(c) The head of a department or independent Govern-
13 ment agency concerned may request the retirement of any
14 such officer or employee described in subsection (b) of this
15 section who, by reason of a disqualification is unable to per-
16 form satisfactorily and efficiently the duties of his position
17 or some other position of the same grade or class as that
18 occupied by the employee and to which he could be assigned.
19 No such request shall be submitted to the Civil Service Com-
20 mission unless and until the said officer or employee has been
21 notified in writing of the proposed retirement. Each such
22 officer or employee shall, upon request by him, have oppor-
23 tunity for a hearing before the Civil Service Commission, at
24 which hearing the officer or employee may appear in person
25 or he may be represented by a person of his choice. No

1 such officer or employee shall be so retired unless the Civil
2 Service Commission after examination finds that he is so
3 disqualified. The determination of the Civil Service Com-
4 mission as to whether the officer or employee shall be retired
5 under this subsection shall be final and conclusive. Any
6 person so retired shall be paid an annuity computed as pro-
7 vided in section 4 hereof.

8 “(d) Any officer or employee who has completed thirty
9 years of service computed in accordance with the provisions
10 of section 5 hereof and who has reached or may hereafter
11 reach the age of fifty-five years may voluntarily retire and
12 shall be paid an immediate life annuity beginning on the
13 first day of the month following the date of separation from
14 the service having a value equal to the present worth of a
15 deferred annuity at the age of sixty years computed as pro-
16 vided in section 4 of this Act.

17 “If none of the options provided in this section is exer-
18 cised prior to the date upon which the officer or employee
19 would otherwise be eligible for retirement from the service,
20 the provisions of this Act with respect to automatic separa-
21 tion from the service shall apply.”

22 SEC. 2. Strike out all of section 2 of the Act of May 29,
23 1930, as amended, and insert in lieu thereof the following:

24 “(a) Except as provided in section 204 of the Act of
25 June 30, 1932 (47 Stat. 404), and (50 Stat. 542) section

1 3 of the Act of July 13, 1937 (*50 Stat. 512*), all officers or
2 employees to whom this Act applies shall, on the last day of
3 the month in which they attain retirement age as defined in
4 the preceding section; and having rendered at least fifteen
5 years of service, be automatically separated from the service,
6 and all salary, pay, or compensation shall cease from that
7 date, and it shall be the duty of the head of each department,
8 branch, or independent office of the Government concerned to
9 notify each such employee under his direction of the date of
10 his separation from the service at least sixty days in ad-
11 vance thereof: *Provided, however,* That no provision of this
12 or any other Act relating to automatic separation from the
13 service shall have any application whatever to any elective
14 officer.

15 “(b) *Except as may now or hereafter be provided*
16 *by law, no person separated from the service who is re-*
17 *ceiving an annuity under the provisions of section 1 of this*
18 *Act shall be eligible again to appointment to any appointive*
19 *office, position, or employment under the United States or*
20 *of the government of the District of Columbia.”*

21 SEC. 3. That section 3 of the Act of May 29, 1930, as
22 amended, is amended by striking out all thereof and inserting
23 in lieu thereof the following:

24 “(a) This Act shall apply to all officers ~~or~~ and employees
25 in or under the executive, judicial, and legislative branches

1 of the United States Government, all elective ~~or~~ and appoint-
2 tive officers in or under the said branches, and to all officers
3 and employees of the municipal government of the District of
4 Columbia: *Provided, however,* That this Act shall not apply
5 to any such officer or employee of the United States or of
6 the municipal government of the District of Columbia sub-
7 ject to another retirement system for such officers and em-
8 ployees of the said governments, nor to any elective officer
9 until such officer gives notice in writing to the Civil Service
10 Commission of his or her desire to come within the purview
11 of this Act. Said notice must be given in the case of any
12 such person in the legislative branch of the Government on
13 the effective date of this Act, within six months from such
14 effective date, and in the case of any such person elected
15 and serving after the effective date of this Act, within six
16 months from the taking of the oath of office.

17 “(b) The President shall have power, in his discretion,
18 to exclude from the operation of this Act any officer or em-
19 ployee or group of officers or employees in the service whose
20 tenure of office or employment is intermittent or of uncertain
21 duration.”

22 *SEC. 4. Section 4 (b) of the Act of May 29, 1930, as*
23 *amended by the Act of August 4, 1939, is amended by striking*
24 *out the period at the end of section 4 (b) and inserting in*
25 *lieu thereof a semicolon, and by adding the following sentence*

1 after the semicolon: "nor shall such total annuity paid be less
2 than an amount equal to the average annual basic salary, pay,
3 or compensation received by the employee during any five
4 consecutive years of allowable service at the option of the
5 employee, multiplied by the number of years of service, not
6 exceeding thirty-five years, and divided by seventy."

7 SEC. 4-5. Section 7 of the said Act of May 29, 1930, as
8 amended, is hereby repealed, and in lieu thereof the following
9 is substituted:

10 "(a) Should any officer or employee to whom this Act
11 applies, after having served for a total period of not less
12 than five years and before becoming eligible for retirement
13 become separated from the service, such officer or employee
14 shall be paid a deferred annuity beginning at the age of
15 sixty-two years, computed as provided in clauses (1) and
16 (2) of section 4 (a) of this Act: *Provided*, That any such
17 person involuntarily separated from the service not by re-
18 moval for cause on charges of misconduct or delinquency
19 may elect to receive an immediate annuity beginning at the
20 age of fifty-five or at the date of separation from the service
21 if subsequent to that age having a value equal to the present
22 worth of a deferred annuity beginning at the age of sixty-
23 two years, or at age of separation if subsequent to age sixty-
24 two, computed as provided in section 4 of this Act: *Provided*
25 further, That nothing in this Act shall be so construed as to

1 prohibit the refund of deductions, deposits, or redeposits made
2 prior to the effective date of this Act with interest thereon, or
3 of any voluntary contributions made under the provisions of
4 section 10 of this Act, with interest: And provided further,
5 That all moneys, except voluntary contributions, so refunded
6 an officer or employee must be redeposited with interest before
7 such officer or employee may derive any annuity benefits based
8 on the service covered by the refund.

9 “(b) Should an annuitant under the provisions of this
10 section be reemployed in a position included in the pro-
11 visions of this Act, the annuity and any right to an im-
12 mediate or deferred annuity as provided herein shall cease
13 as of the date of such employment. If such annuitant is
14 reemployed in any position in the service of the United
15 States or the District of Columbia, not within the provisions
16 of this Act, annuity payments shall be discontinued during
17 the period of such employment, and resumed in the same
18 amount upon termination of such employment.

19 “(c) Interest shall be allowed on the amount credited
20 to such separated officer's or employee's individual account
21 in the retirement fund at 3 per centum compounded on
22 June 30 of each year until the beginning date of annuity.”

23 SEC. 6. That in section 9 of the Act of May 29, 1930,
24 as amended, after the words “and also 3½ per centum of
25 the basic salary, pay, or compensation for services rendered

1 from and after July 1, 1926" insert the following: "and
2 prior to ~~June 30, 1941~~ January 1, 1942, and also 5 per
3 centum of such basic pay, salary, or compensation for services
4 rendered on and after ~~July 1, 1941~~ January 1, 1942".

5 SEC. 6 7. Add to the first sentence of section 10 of the
6 Act of May 29, 1930, as amended, the following: "*Provided*,
7 That after ~~June 30~~ December 31, 1941, there shall be de-
8 ducted and withheld from the basic salary, pay, or compensa-
9 tion of any officer or employee to whom this Act applies a
10 sum equal to 5 per centum of such officer's or employee's
11 basic salary, pay, or compensation".

12 SEC. 7 8. Strike out paragraph (b) of section 12 of the
13 Act of May 29, 1930, as amended, and insert in lieu thereof
14 the following:

15 "In the case of any officer or employee to whom this
16 Act applies who shall be transferred to a position not within
17 the purview of this Act, or who shall become absolutely
18 separated from the service before he shall have completed an
19 aggregate of five years of service computed in accordance
20 with section 5 of this Act, the amount of deductions from his
21 basic salary, pay, or compensation credited to his individual
22 account, together with interest at 4 per centum compounded
23 on June 30 of each year shall be returned to such officer or
24 employee: *Provided*, That when an officer or employee be-
25 comes involuntarily separated from the service, not by re-

1 removal for cause on charges of misconduct or delinquency
2 before completing five years of creditable service the total
3 amount of deductions from his basic salary, pay, or com-
4 pensation with interest at 4 per centum compounded on June
5 30 of each year shall be returned to such officer or employee:
6 *Provided further*, That all deductions from basic salary, pay,
7 or compensation so returned to an officer or employee must,
8 upon reinstatement, retransfer, or reappointment to a position
9 coming within the purview of this Act be redeposited with
10 interest at 4 per centum compounded on June 30 of each
11 year before such officer or employee may derive any benefits
12 under this Act, except as provided in this section, but interest
13 shall not be required covering any period of separation from
14 the service."

15 *SEC. 9. Section 13 of the Act of May 29, 1930, as
16 amended, is hereby amended, effective from January 1, 1940,
17 by adding at the end thereof the following paragraph:*

18 *"The term 'annuitant' as used in this Act shall include any
19 employee who has met all requirements of the Act for title and
20 has filed claim therefor, notwithstanding final administrative
21 action was not taken by the Civil Service Commission prior
22 to his death. Nothing in this section shall be so construed as
23 to reduce any benefit otherwise payable."*

24 *SEC. 8 10.* Nothing in this Act shall be so construed as to
25 affect any rights of persons separated prior to the effective

1 date of this Act, but all such rights shall continue and may be
2 enforced in the same manner as though this Act had not been
3 made.

4 SEC. 9 11. This Act shall take effect ~~July 1, 1941 upon~~
5 *approval except as otherwise provided herein.*





77TH CONGRESS
1ST SESSION

H. R. 3487

[Report No. 1285]

A BILL

To amend further the Civil Service Retirement Act, approved May 29, 1930, as amended.

By Mr. RAMSPECK

FEBRUARY 19, 1941

Referred to the Committee on the Civil Service

OCTOBER 20, 1941

Reported with amendments, committed to the Committee of the Whole House on the state of the Union, and ordered to be printed

year

the Senate, an officer on the active list of the Coast and Geodetic Survey not below the rank of commander to serve as Assistant Director; his appointment shall not create a vacancy and while holding said office he shall have the rank, pay, and allowances of rear admiral (lower half): *Provided*, That any officer who may be retired while serving as Director or Assistant Director, or who has or shall have served 4 years as Director or Assistant Director and is retired after completion of such service while serving in a lower rank or grade, shall be retired with the rank, pay, and allowances authorized by law for the highest grade or rank held by him as Director or Assistant Director.

SEC. 9. The provisions of sections 1 to 5, inclusive, of the act of April 20, 1940 (54 Stat. 144), relating to the burial expenses of Navy personnel, and the provisions of the act of June 4, 1920 (41 Stat. 824), as amended by the act of May 22, 1928 (45 Stat. 710), relating to the payment of a death gratuity to dependents of commissioned officers and other personnel of the Navy or Marine Corps, shall apply to commissioned officers of the Coast and Geodetic Survey, except that the duties and obligations imposed in said acts upon the Secretary of the Navy are hereby imposed for the purposes of this act upon the Secretary of Commerce who shall cause the necessary payments to be made from funds appropriated for the Coast and Geodetic Survey.

SEC. 10. Commissioned officers, ships' officers, and members of the crews of vessels of the Coast and Geodetic Survey shall be permitted to purchase commissary and quartermaster supplies as far as available from the Army, Navy, or Marine Corps at the prices charged officers and enlisted men of those services.

SEC. 11. All laws or parts of laws inconsistent with the provisions of this act are hereby repealed, and the provisions of this act shall be in effect in lieu thereof.

With the following committee amendments:

Page 2, line 24, change the period to a colon and add:

"Provided further, That for purposes of pay, longevity pay, allowances, promotion, or retirement, which are now or may hereafter be authorized for officers appointed after June 30, 1922, there shall be counted in addition to active commissioned service, service as deck officer and junior engineer in excess of 1 year."

Page 2, line 15, delete the word "commissioned."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT OF 1938

The Clerk called the next bill, S. 2035, to amend sections 345 and 347 of the Agricultural Adjustment Act of 1938 with respect to cotton-marketing quotas.

Mr. FLANAGAN. Mr. Speaker, at the request of the chairman of the Committee on Agriculture, who is unavoidably absent, I move that the bill be stricken from the calendar, as it will be too late to put into effect in the event the House took favorable action.

The SPEAKER pro tempore. The Chair would suggest that the gentleman ask that the bill be passed over in view of the fact that the usual procedure with reference to the Consent Calendar is that in such circumstances the bill be passed over without prejudice.

Mr. FLANAGAN. Then, Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT

The Clerk called the bill (H. R. 3487) to amend further the Civil Service Retirement Act, approved May 29, 1930, as amended.

The SPEAKER pro tempore. Is there objection?

Mr. GORE. Mr. Speaker, I do not know that I have any objection to the bill, but this is a bill of 10 pages, and I am wondering whether or not the gentleman from Georgia [Mr. RAMSPECK] would give the membership an explanation of it.

Mr. RAMSPECK. Mr. Speaker, this bill undertakes to amend the Civil Service Retirement Act in three or four particulars. It extends the coverage of the act to quite a number of people who are not now under the Civil Service Retirement Act, or the Social Security Act. It extends the age limit at which people must be retired for two groups; one from 62 to 70 years, and one from 65 to 70 years, and permits all employees that come under the act to retire at 60 years if they have had 30 years in the Government. It increases the rate of contribution for retirement from 3½ percent to 5 percent. In brief, that is what the bill does.

Mr. GORE. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of the Civil Service Retirement Act approved May 29, 1930, as amended, is amended by striking out the whole thereof and substituting in lieu thereof the following:

"SEC. 1. (a) All officers and employees to whom this act applies who shall have attained or shall hereafter attain the age of 70 years and have rendered at least 15 years of service computed as prescribed in section 5 of this act shall be eligible for retirement on an annuity as provided in section 4 hereof.

"(b) Any officer or employee to whom this act applies who shall have attained, or shall hereafter attain the age of 60 years and have rendered at least 30 years of service computed as prescribed in section 5 of this act, or who shall have attained or shall hereafter attain the age of 62 years and have rendered at least 15 years of such service may, upon his own option, retire and shall be paid an annuity computed as provided in section 4 of this act.

"(c) The head of a department or independent Government agency concerned may request the retirement of any such officer or employee described in subsection (b) of this section who, by reason of a disqualification, is unable to perform satisfactorily and efficiently the duties of his position or some other position of the same grade or class as that occupied by the employee and to which he could be assigned. No such request shall be submitted to the Civil Service Commission unless and until the said officer or employee has been notified in writing of the proposed retirement. Each such officer or employee shall, upon request by him, have opportunity for a hearing before the Civil Service Com-

mission, at which hearing the officer or employee may appear in person or he may be represented by a person of his choice. No such officer or employee shall be so retired unless the Civil Service Commission after examination finds that he is so disqualified. The determination of the Civil Service Commission as to whether the officer or employee shall be retired under this subsection shall be final and conclusive. Any person so retired shall be paid an annuity computed as provided in section 4 hereof.

"(d) Any officer or employee who has completed 30 years of service computed in accordance with the provisions of section 5 hereof and who has reached or may hereafter reach the age of 55 years may voluntarily retire and shall be paid an immediate life annuity beginning on the first day of the month following the date of separation from the service having a value equal to the present worth of a deferred annuity at the age of 60 years computed as provided in section 4 of this act.

"If none of the options provided in this section is exercised prior to the date upon which the officer or employee would otherwise be eligible for retirement from the service, the provisions of this act with respect to automatic separation from the service shall apply."

SEC. 2. Strike out all of section 2 of the act of May 29, 1930, as amended, and insert in lieu thereof the following:

"(a) Except as provided in section 204 of the act of June 30, 1932 (47 Stat. 404), and (50 Stat. 512) section 3 of the act of July 13, 1937, all officers or employees to whom this act applies shall, on the last day of the month in which they attain retirement age as defined in the preceding section, and having rendered at least 15 years of service, be automatically separated from the service, and all salary, pay, or compensation shall cease from that date, and it shall be the duty of the head of each department, branch, or independent office of the Government concerned to notify each such employee under his direction of the date of his separation from the service at least 60 days in advance thereof: *Provided*, however, That no provision of this or any other act relating to automatic separation from the service shall have any application whatever to any elective officer.

"(b) No person separated from the service who is receiving an annuity under the provisions of section 1 of this act shall be eligible again to appointment to any appointive office, position, or employment under the United States or of the government of the District of Columbia."

SEC. 3. That section 3 of the act of May 29, 1930, as amended, is amended by striking out all thereof and inserting in lieu thereof the following:

"(a) This act shall apply to all officers or employees in or under the executive, judicial, and legislative branches of the United States Government, all elective or appointive officers in or under the said branches, and to all officers and employees of the municipal government of the District of Columbia: *Provided*, however, That this act shall not apply to any such officer or employee of the United States or of the municipal government of the District of Columbia subject to another retirement system for such officers and employees of the said governments, nor to any elective officer until such officer gives notice in writing to the Civil Service Commission of his or her desire to come within the purview of this act. Said notice must be given in the case of any such person in the legislative branch of the Government on the effective date of this act, within 6 months from such effective date, and in the case of any such person elected and serving after the effective date of this act, within 6 months from the taking of the oath of office.

"(b) The President shall have power, in his discretion, to exclude from the operation of this act any officer or employee or group of officers or employees in the service whose

tenure of office or employment is intermittent or of uncertain duration."

Sec. 4. Section 7 of the said act of May 29, 1930, as amended, is hereby repealed, and in lieu thereof the following is substituted:

"(a) Should any officer or employee to whom this act applies, after having served for a total period of not less than 5 years and before becoming eligible for retirement become separated from the service, such officer or employee shall be paid a deferred annuity beginning at the age of 62 years, computed as provided in clauses (1) and (2) of section 4 (a) of this act: *Provided*, That any such person involuntarily separated from the service not by removal for cause on charges of misconduct or delinquency may elect to receive an immediate annuity beginning at the age of 55 or at the date of separation from the service if subsequent to that age having a value equal to the present worth of a deferred annuity beginning at the age of 62 years, or at age of separation if subsequent to age 62, computed as provided in section 4 of this act.

"(b) Should an annuitant under the provisions of this section be reemployed in a position included in the provisions of this act, the annuity and any right to an immediate or deferred annuity as provided herein shall cease as of the date of such employment. If such annuitant is reemployed in any position in the service of the United States or the District of Columbia, not within the provisions of this act, annuity payments shall be discontinued during the period of such employment, and resumed in the same amount upon termination of such employment.

"(c) Interest shall be allowed on the amount credited to such separated officer's or employee's individual account in the retirement fund at 3 percent compounded on June 30 of each year until the beginning date of annuity."

Sec. 5. That in section 9 of the act of May 29, 1930, as amended, after the words "and also 3½ percent of the basic salary, pay, or compensation for services rendered from and after July 1, 1926" insert the following: "and prior to June 30, 1941, and also 5 percent of such basic pay, salary, or compensation for services rendered on and after July 1, 1941."

Sec. 6. Add to the first sentence of section 10 of the act of May 29, 1930, as amended, the following: "Provided, That after June 30, 1941, there shall be deducted and withheld from the basic salary, pay, or compensation of any officer or employee to whom this act applies a sum equal to 5 percent of such officer's or employee's basic salary, pay, or compensation."

Sec. 7. Strike out paragraph (b) of section 12 of the act of May 29, 1930, as amended, and insert in lieu thereof the following:

"In the case of any officer or employee to whom this act applies who shall be transferred to a position not within the purview of this act, or who shall become absolutely separated from the service before he shall have completed an aggregate of 5 years of service computed in accordance with section 5 of this act, the amount of deductions from his basic salary, pay, or compensation credited to his individual account, together with interest at 4 percent compounded on June 30 of each year shall be returned to such officer or employee: *Provided*, That when an officer or employee becomes involuntarily separated from the service, not by removal for cause on charges of misconduct or delinquency before completing 5 years of creditable service the total amount of deductions from his basic salary, pay, or compensation with interest at 4 percent compounded on June 30 of each year shall be returned to such officer or employee: *Provided further*, That all deductions from basic salary, pay, or compensation so returned to an officer or employee must, upon reinstatement, retransfer, or reappointment to a position coming within the purview of

this act be redeposited with interest at 4 percent compounded on June 30 of each year before such officer or employee may derive any benefits under this act, except as provided in this section, but interest shall not be required covering any period of separation from the service."

Sec. 8. Nothing in this act shall be so construed as to affect any rights of persons separated prior to the effective date of this act, but all such rights shall continue and may be enforced in the same manner as though this act had not been made.

Sec. 9. This act shall take effect July 1, 1941.

With the following committee amendments:

On page 3, line 23, strike out "(50 Stat. 512.)"

On page 3, line 24, after "July 13, 1937", insert "(50 Stat. 512.)"

On page 4, line 12, strike out "(b) No" and in lieu thereof insert "(b) Except as may now or hereafter be provided by law no."

On page 4, line 20, strike out the word "or" and insert in lieu thereof "and."

On page 4, line 22, strike out the word "or" and insert in lieu thereof "and."

On page 5, between lines 17 and 18, add the following as section 4:

"Sec. 4. Section 4 (b) of the act of May 29, 1930, as amended by the act of August 4, 1939, is amended by striking out the period at the end of section 4 (b) and inserting in lieu thereof a semicolon, and by adding the following sentence after the semicolon: 'Nor shall such total annuity paid be less than an amount equal to the average annual basic salary, pay, or compensation received by the employee during any 5 consecutive years of allowable service at the option of the employee, multiplied by the number of years of service, not exceeding 35 years, and divided by 70.'"

On page 5, line 18, renumber section as "5" instead of "4."

On page 6, line 10, after the word "act", strike out the period, insert a colon, and add the following after the colon: "Provided further, That nothing in this act shall be so construed as to prohibit the refund of deductions, deposits, or redeposits made prior to the effective date of this act with interest thereon, or of any voluntary contributions made under the provisions of section 10 of this act, with interest: And provided further, That all moneys, except voluntary contributions, so refunded an officer or employee must be redeposited with interest before such officer or employee may derive any annuity benefits based on the service covered by the refund."

On page 6, line 25, renumber section as "6" instead of "5."

On page 7, line 4, strike out "June 30, 1941" and insert in lieu thereof "January 1, 1942."

On page 7, line 6, strike out "July 1, 1941" and insert in lieu thereof "January 1, 1942."

On page 7, line 7, renumber section as "7" instead of "6."

On page 7, line 9, strike out "June 30" and insert in lieu thereof "December 31."

On page 7, line 14, renumber section as "8" instead of "7."

On page 8, between lines 16 and 17, add the following as section 9:

"Sec. 9. Section 13 of the act of May 29, 1930, as amended, is hereby amended, effective from January 1, 1940, by adding at the end thereof the following paragraph:

"The term "annuitant" as used in this act shall include any employee who has met all requirements of the act for title and has filed claim therefor, notwithstanding final administrative action was not taken by the Civil Service Commission prior to his death. Nothing in this section shall be so construed as to reduce any benefit otherwise payable."

On page 8, line 17, renumber section as "10" instead of "8."

On page 8, line 22, renumber section as "11" instead of "9."

On page 8, line 22, strike out "July 1, 1941" and add "upon approval except as otherwise provided herein."

The committee amendments were agreed to. The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

ABOLISHING CERTAIN FEES OF DISTRICT COURT CLERKS, ETC.

The Clerk called the bill (H. R. 5880) to abolish certain fees charged by clerks of the district courts; and to exempt defendants in condemnation proceedings from the payment of filing fees in certain instances.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 3 of the act entitled "An act to provide fees to be charged by clerks of the district courts of the United States," approved February 11, 1925 (43 Stat. 857, as amended; U. S. C., 1934 ed., title 28, sec. 550), is amended by striking out the period at the end thereof and inserting a colon and the following: "And provided further, That in any proceeding instituted under any law of the United States to acquire property or any interest therein by eminent domain, defendants and other parties adverse to the condemnor shall not be required to pay the fees prescribed by this section."

Sec. 2. Paragraph 8 of section 8 of the act entitled "An act to provide fees to be charged by clerks of the district courts of the United States," approved February 11, 1925 (43 Stat. 857; U. S. C., 1934 edition, title 28, sec. 555), is hereby repealed.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD in regard to the bill just passed, and to include a brief statement I made before the Committee on the Judiciary.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I desire to insert at this point the statement which I made before the Committee on the Judiciary and the accompanying remarks of my colleague from Washington [Mr. LEAVY] relating to the bill, H. R. 4807, introduced by our colleague from Washington [Mr. COFFEE], for which the bill H. R. 5880 was substituted, in which public-utility districts of our State, and in my district, are particularly interested.

The statements referred to are as follows:

THURSDAY, OCTOBER 16, 1941

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE NO. 4 OF THE

COMMITTEE ON THE JUDICIARY,

Washington, D. C.

The subcommittee met at 10 o'clock a. m. Hon. CHARLES F. McLAUGHLIN (chairman) presiding.

Mr. McLAUGHLIN. Subcommittee No. 4 of the Committee on the Judiciary is convened for the purpose of hearing witnesses on H. R. 4807, introduced on May 20, 1941, by Mr. COFFEE of Washington.

77TH CONGRESS
1ST SESSION

H. R. 3487

IN THE SENATE OF THE UNITED STATES

DECEMBER 4, 1941

Read twice and referred to the Committee on Civil Service

AN ACT

To amend further the Civil Service Retirement Act, approved
May 29, 1930, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 1 of the Civil Service Retirement Act approved
4 May 29, 1930, as amended, is amended by striking out the
5 whole thereof and substituting in lieu thereof the following:

6 “SEC. 1. (a) All officers and employees to whom this
7 Act applies who shall have attained, or shall hereafter
8 attain the age of seventy years and have rendered at least
9 fifteen years of service computed as prescribed in section 5
10 of this Act shall be eligible for retirement on an annuity
11 as provided in section 4 hereof.

1 “(b) Any officer or employee to whom this Act applies
2 who shall have attained, or shall hereafter attain the age of
3 sixty years and have rendered at least thirty years of
4 service computed as prescribed in section 5 of this Act, or
5 who shall have attained, or shall hereafter attain the age of
6 sixty-two years and have rendered at least fifteen years of
7 such service may, upon his own option, retire and shall be
8 paid an annuity computed as provided in section 4 of this
9 Act.

10 “(c) The head of a department or independent Govern-
11 ment agency concerned may request the retirement of any
12 such officer or employee described in subsection (b) of this
13 section who, by reason of a disqualification is unable to per-
14 form satisfactorily and efficiently the duties of his position
15 or some other position of the same grade or class as that
16 occupied by the employee and to which he could be assigned.
17 No such request shall be submitted to the Civil Service Com-
18 mission unless and until the said officer or employee has been
19 notified in writing of the proposed retirement. Each such
20 officer or employee shall, upon request by him, have oppor-
21 tunity for a hearing before the Civil Service Commission, at
22 which hearing the officer or employee may appear in person
23 or he may be represented by a person of his choice. No
24 such officer or employee shall be so retired unless the Civil
25 Service Commission after examination finds that he is so

1 disqualified. The determination of the Civil Service Com-
2 mission as to whether the officer or employee shall be retired
3 under this subsection shall be final and conclusive. Any
4 person so retired shall be paid an annuity computed as pro-
5 vided in section 4 hereof.

6 “(d) Any officer or employee who has completed thirty
7 years of service computed in accordance with the provisions
8 of section 5 hereof and who has reached or may hereafter
9 reach the age of fifty-five years may voluntarily retire and
10 shall be paid an immediate life annuity beginning on the
11 first day of the month following the date of separation from
12 the service having a value equal to the present worth of a
13 deferred annuity at the age of sixty years computed as pro-
14 vided in section 4 of this Act.

15 “If none of the options provided in this section is exer-
16 cised prior to the date upon which the officer or employee
17 would otherwise be eligible for retirement from the service,
18 the provisions of this Act with respect to automatic separa-
19 tion from the service shall apply.”

20 SEC. 2. Strike out all of section 2 of the Act of May 29,
21 1930, as amended, and insert in lieu thereof the following:

22 “(a) Except as provided in section 204 of the Act of
23 June 30, 1932 (47 Stat. 404), and section 3 of the
24 Act of July 13, 1937 (50 Stat. 512), all officers or em-
25 ployees to whom this Act applies shall, on the last day of

1 the month in which they attain retirement age as defined in
2 the preceding section; and having rendered at least fifteen
3 years of service, be automatically separated from the service,
4 and all salary, pay, or compensation shall cease from that
5 date, and it shall be the duty of the head of each department,
6 branch, or independent office of the Government concerned to
7 notify each such employee under his direction of the date of
8 his separation from the service at least sixty days in ad-
9 vance thereof: *Provided, however,* That no provision of this
10 or any other Act relating to automatic separation from the
11 service shall have any application whatever to any elective
12 officer.

13 “(b) Except as may now or hereafter be provided
14 by law, no person separated from the service who is re-
15 ceiving an annuity under the provisions of section 1 of this
16 Act shall be eligible again to appointment to any appointive
17 office, position, or employment under the United States or
18 of the government of the District of Columbia.”

19 SEC. 3. That section 3 of the Act of May 29, 1930, as
20 amended, is amended by striking out all thereof and inserting
21 in lieu thereof the following:

22 “(a) This Act shall apply to all officers and employees
23 in or under the executive, judicial, and legislative branches
24 of the United States Government, all elective and appoin-
25 tive officers in or under the said branches, and to all officers

1 and employees of the municipal government of the District of
2 Columbia: *Provided, however,* That this Act shall not apply
3 to any such officer or employee of the United States or of
4 the municipal government of the District of Columbia sub-
5 ject to another retirement system for such officers and em-
6 ployees of the said governments, nor to any elective officer
7 until such officer gives notice in writing to the Civil Service
8 Commission of his or her desire to come within the purview
9 of this Act. Said notice must be given in the case of any
10 such person in the legislative branch of the Government on
11 the effective date of this Act, within six months from such
12 effective date, and in the case of any such person elected
13 and serving after the effective date of this Act, within six
14 months from the taking of the oath of office.

15 “(b) The President shall have power, in his discretion,
16 to exclude from the operation of this Act any officer or em-
17 ployee or group of officers or employees in the service whose
18 tenure of office or employment is intermittent or of uncertain
19 duration.”

20 SEC. 4. Section 4 (b) of the Act of May 29, 1930, as
21 amended by the Act of August 4, 1939, is amended by striking
22 out the period at the end of section 4 (b) and inserting in
23 lieu thereof a semicolon, and by adding the following sentence
24 after the semicolon: “nor shall such total annuity paid be less
25 than an amount equal to the average annual basic salary, pay,

1 or compensation received by the employee during any five
2 consecutive years of allowable service at the option of the
3 employee, multiplied by the number of years of service, not
4 exceeding thirty-five years, and divided by seventy.”

5 SEC. 5. Section 7 of the said Act of May 29, 1930, as
6 amended, is hereby repealed, and in lieu thereof the following
7 is substituted:

8 “(a) Should any officer or employee to whom this Act
9 applies, after having served for a total period of not less
10 than five years and before becoming eligible for retirement
11 become separated from the service, such officer or employee
12 shall be paid a deferred annuity beginning at the age of
13 sixty-two years, computed as provided in clauses (1) and
14 (2) of section 4 (a) of this Act: *Provided*, That any such
15 person involuntarily separated from the service not by re-
16 moval for cause on charges of misconduct or delinquency
17 may elect to receive an immediate annuity beginning at the
18 age of fifty-five or at the date of separation from the service
19 if subsequent to that age having a value equal to the present
20 worth of a deferred annuity beginning at the age of sixty-
21 two years, or at age of separation if subsequent to age sixty-
22 two, computed as provided in section 4 of this Act: *Provided*
23 *further*, That nothing in this Act shall be so construed as to
24 prohibit the refund of deductions, deposits, or redeposits made
25 prior to the effective date of this Act with interest thereon, or

1 of any voluntary contributions made under the provisions of
2 section 10 of this Act, with interest: *And provided further,*
3 That all moneys, except voluntary contributions, so refunded
4 an officer or employee must be redeposited with interest before
5 such officer or employee may derive any annuity benefits
6 based on the service covered by the refund.

7 “(b) Should an annuitant under the provisions of this
8 section be reemployed in a position included in the pro-
9 visions of this Act, the annuity and any right to an im-
10 mediate or deferred annuity as provided herein shall cease
11 as of the date of such employment. If such annuitant is
12 reemployed in any position in the service of the United
13 States or the District of Columbia, not within the provisions
14 of this Act, annuity payments shall be discontinued during
15 the period of such employment, and resumed in the same
16 amount upon termination of such employment.

17 “(c) Interest shall be allowed on the amount credited
18 to such separated officer's or employee's individual account
19 in the retirement fund at 3 per centum compounded on
20 June 30 of each year until the beginning date of annuity.”

21 SEC. 6. That in section 9 of the Act of May 29, 1930,
22 as amended, after the words “and also 3½ per centum of
23 the basic salary, pay, or compensation for services rendered
24 from and after July 1, 1926” insert the following: “and
25 prior to January 1, 1942, and also 5 per centum of such

1 basic pay, salary, or compensation for services rendered on
2 and after January 1, 1942".

3 SEC. 7. Add to the first sentence of section 10 of the
4 Act of May 29, 1930, as amended, the following: "*Provided*,
5 That after December 31, 1941, there shall be deducted and
6 withheld from the basic salary, pay, or compensation of
7 any officer or employee to whom this Act applies a sum
8 equal to 5 per centum of such officer's or employee's basic
9 salary, pay, or compensation".

10 SEC. 8. Strike out paragraph (b) of section 12 of the
11 Act of May 29, 1930, as amended, and insert in lieu thereof
12 the following:

13 "In the case of any officer or employee to whom this
14 Act applies who shall be transferred to a position not within
15 the purview of this Act, or who shall become absolutely
16 separated from the service before he shall have completed an
17 aggregate of five years of service computed in accordance
18 with section 5 of this Act, the amount of deductions from his
19 basic salary, pay, or compensation credited to his individual
20 account, together with interest at 4 per centum compounded
21 on June 30 of each year shall be returned to such officer or
22 employee: *Provided*, That when an officer or employee be-
23 comes involuntarily separated from the service, not by re-
24 moval for cause on charges of misconduct or delinquency

1 before completing five years of creditable service the total
2 amount of deductions from his basic salary, pay, or com-
3 pensation with interest at 4 per centum compounded on June
4 30 of each year shall be returned to such officer or employee:
5 *Provided further*, That all deductions from basic salary, pay,
6 or compensation so returned to an officer or employee must,
7 upon reinstatement, retransfer, or reappointment to a position
8 coming within the purview of this Act be redeposited with
9 interest at 4 per centum compounded on June 30 of each
10 year before such officer or employee may derive any benefits
11 under this Act, except as provided in this section, but interest
12 shall not be required covering any period of separation from
13 the service.”

14 SEC. 9. Section 13 of the Act of May 29, 1930, as
15 amended, is hereby amended, effective from January 1, 1940,
16 by adding at the end thereof the following paragraph:

17 “The term ‘annuitant’ as used in this Act shall include
18 any employee who has met all requirements of the Act for
19 title and has filed claim therefor, notwithstanding final admin-
20 istrative action was not taken by the Civil Service Commis-
21 sion prior to his death. Nothing in this section shall be so
22 construed as to reduce any benefit otherwise payable.”

23 SEC. 10. Nothing in this Act shall be so construed as to
24 affect any rights of persons separated prior to the effective

1 date of this Act, but all such rights shall continue and may be
2 enforced in the same manner as though this Act had not been
3 made.

4 SEC. 11. This Act shall take effect upon approval except
5 as otherwise provided herein.

Passed the House of Representatives December 1, 1941.

Attest:

SOUTH TRIMBLE,

Clerk.

AN ACT

To amend further the Civil Service Retirement Act, approved May 29, 1930, as amended.

DECEMBER 4, 1941

Read twice and referred to the Committee on Civil Service

Calendar No. 956

77TH CONGRESS
1st Session

SENATE

{ REPORT
No. 921

AMENDING CIVIL SERVICE RETIREMENT LAW

DECEMBER 22, 1941.—Ordered to be printed



Mr. MEAD, from the Committee on Civil Service, submitted the following

REPORT

[To accompany H. R. 3487]

The Committee on Civil Service, to whom was referred the bill (H. R. 3487) to amend further the Civil Service Retirement Act approved May 29, 1930, as amended, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

(1) On page 3, line 5, strike out the period and insert—

Nothing in this subsection shall be deemed to authorize any person to request the retirement of any elective officer, any officer or employee in the legislative branch of the Government within the classes of officers and employees which were made eligible for the benefits of this Act by the Act of July 13, 1937, or any employee of the office of the Architect of the Capitol.

(2) On page 4, line 13, strike out "except as may now or hereafter be provided by law" so that the sentence begins with the word "No."

(3) On page 4, line 18, strike out period and quotation marks and insert the following:

unless the appointing authority determines that he is possessed of special qualifications, in which event his annuity shall be terminated during the period of his appointment. Any such person whose annuity is terminated shall, upon the termination of his appointment, have his subsequent annuity rights determined under the provisions of law in effect at the time of such termination.

(4) On page 5, line 6, strike out everything in the paragraph after the word "said" through line 14 and insert the following:

governments: *Provided further*, That this Act shall not apply to any elective officer or to any officer or employee in the legislative branch of the Government within the classes of officers and employees which were made eligible for the benefits of this Act by the Act of July 13, 1937, until he gives notice in writing to the disbursing officer by whom his salary is paid of his desire to come within the purview of this Act. In the case of any elective officer serving in the legislative branch of the Government on the effective date of this Act and in the case of any

officer or employee in the service of the legislative branch of the Government on the effective date of this Act, such notice must be given within six months after such effective date. In the case of any elective officer elected to and serving in the legislative branch of the Government after such effective date, such notice must be given within six months after the taking of the oath of office; and, in the case of any officer or employee of the legislative branch of the Government who enters the service after such effective date, such notice must be given within six months after the date of entrance to the service. No provision of this or any other Act relating to automatic separation from the service shall have any application whatever to any elective officer.

(5) On page 5, line 17, after the word "the" insert the following: "Executive branch of the".

Amendment 1 provides that no person may request the retirement of any elective officer, or officer or employee of the legislative branch as covered in the act of July 13, 1937, on the grounds that such person is unable to perform satisfactorily and efficiently the duties of his position. While it is safe to say that elective officers are no doubt protected by the Constitution in this connection, this provision would also apply to officers of the House and Senate as well as employees of the members and their committees. Its particular purpose is to assure that old and valued employees will not be placed on retirement without their consent.

Amendments 2 and 3 provide that no person who is retired may be reappointed to a position in the Government or the District of Columbia unless the appointing authority determines that such person possesses special qualifications and his annuity is terminated during the period of his appointment. Upon the conclusion of such appointment his annuity is redetermined under the provisions of the law in effect at that time. This provision would enable the Government to retain in its employ or to call back into service persons of outstanding ability and long experience in a particular field. Such service might be for a short period to perform a particular mission requiring specific qualifications, or for a considerable length of time as the appointing authority may determine. In time of emergencies, such as the present, it would enable the Government to avail itself of the services of numerous retired employees whose knowledge and experience is of inestimable value. Your committee understands that the War and Navy Departments at present have authority to make such reappointments and it seems that other agencies would be benefited by this right.

Under amendment 4 it is left to the option of elective officers or officers or employees of the legislative branch, as included in the act of July, 1937, whether or not they wish to come under the retirement law. This option has been given to the legislative employees at their specific request. They felt that, inasmuch as their employment was of uncertain duration in many cases, they should not be required to come under the provisions of a law based in the main on a long period of service.

Amendment 5 gives the President power to exempt from the provisions of the Act employees in the service of the executive branch whose employment is of a temporary nature.

Extensive study by the Civil Service Committees of both the House and Senate and the Reed committee has demonstrated the need for modification of several phases of the civil-service-retirement law including the standardization of retirement ages, provision for

earlier optional retirement than is now permissible, extension of retirement security to all Federal officers and employees, adjustment of rates of annuity to enable the Government to recruit and retain the services of able professional, scientific, and administrative officials, and the vesting of retirement benefits for all officers and employees who render at least 5 years of service. Other changes have been advocated, some of which may be desirable but the amendments proposed herewith are deemed to be the most urgently needed. An adequate retirement system is absolutely essential to a high-grade public personnel administration.

Your committee joins with the House Civil Service Committee in recommending that the Civil Service Commission conduct a further study of the several retirement systems for officers and employees of the Federal and District of Columbia Governments with a view to the coordination and standardization of such systems.

Section 1 (a)–(d) provides for the following changes:

Eliminates the automatic separation ages of 62 to 65 in certain classes and provides for automatic separation at 70 after 15 years of service for all classes of employees.

Provides for optional retirement for employees after reaching age 60 and having at least 30 years of service.

Provides for optional retirement for employees after reaching at least age 62 and having at least 15 years of service.

Provides for optional retirement by the employing agencies except in the legislative branch under the above limitations of age and service with right of appeal and hearing on the part of employees before the Civil Service Commission.

Provides for optional retirement for employees after reaching age 55 with 30 years of service with reduced annuity having a value of the present worth of the deferred annuity of age 60.

As has been repeatedly said, superannuation is not a question of age alone. Many employees of advanced years are capable of rendering efficient service, and their past experience makes them most valuable to the Government. Thus the extension of the retirement age in these cases is in the interest of the Government and to the benefit of the employee in that the added service will eventually increase his rate of annuity. Experience has demonstrated that employees in good physical condition are generally loath to end their employment, but desire to continue so long as they are able to render efficient service.

The advantages of earlier optional retirement to both the employer and the employee is recognized by the inclusion of such provision in most public retirement systems. The addition of such a provision to existing law would result in a reduction of the number of employees who retire on disability, thereby effecting a saving in the administrative cost.

Section 2 prohibits the continuance of employees in the service beyond the compulsory age for automatic separation from the service except by Executive order, and excludes from any compulsory separation age certain officers and employees in the legislative and judicial services. In addition thereto Senate amendments numbers 2 and 3 provide that a retired person may be reappointed when the appointing

authority determines that such person possesses special qualifications. The annuity of such an appointee is terminated during the period of his appointment.

Section 3 extends the coverage of the Civil Service Retirement Act to all officers and employees in or under the executive, judicial, and legislative branches of the Federal Government, and to all officers and employees of the municipal government of the District of Columbia, except that the coverage will not apply to those already subject to another retirement act. Elective officers come within the purview of the Retirement Act at their option. Intermittent employees in the Executive branch may be excluded by Executive order.

By the terms of this section retirement security is provided for all officers and employees of the Federal and District of Columbia Governments.

Section 4: This amendment provides a minimum annuity of one-seventieth of salary for each year of service up to 35 years, and will provide a more equitable recognition of long and faithful service of employees in the higher-salaried groups by the granting of annuities more nearly proportionate to their active-service salaries. The economic shock caused by the wide difference between their retirement annuity and the salary to which they have been accustomed causes many employees to make every effort to continue on duty even after they find they can no longer maintain an efficient output of work.

Under the present law employees in salary groups up to \$1,600 per annum, who have rendered 30 years of service, are granted annuities equal to 75 percent of their basic salaries; while employees in salary group from \$1,600 to \$2,400 per annum, with 30 years of service, may receive annuities up to 50 percent or more of their salaries. The percentage rate of annuities to salaries in the higher grades is as low and sometimes lower than 20 percent of salary.

The Foreign Service retirement system provides that retiring employees with 30 years of service may receive an annuity equal to 60 percent of active-service pay.

Army, Navy, and Marine Corps and Coast Guard officers, and scientific employees of the Public Health Service and the Coast and Geodetic Survey (commissioned officers), receive 75 percent of their final pay at the time of retirement.

This amendment is in accord with the principles of the recommendation of the President's Committee on Civil Service Improvement, headed by Mr. Justice Stanley Reed.

Section 5 amends section 7 of the existing act by providing annuity benefits for those who are separated after an aggregate of at least 5 years of service, such benefits to commence at age 62, or in case of an involuntary separation, without delinquency, the retirement benefits on a reduced basis may commence at age 55. The contributions of the officers and members are retained in the civil-service retirement and disability fund, and interest allowed thereon at the rate of 3 percent compounded annually until the age for retirement is reached. As civil-service retirement is primarily an old-age benefit the committee believe each member's contributions should be retained in the fund until he reaches the age for an annuity benefit. The civil-

service retirement system is designed to improve the personnel of the Federal Government by providing a humane means for keeping the service free of disabled and superannuated employees. However, under the amended provision the security of employees who leave the Government after 5 years of service is provided for by granting a benefit on the service performed to be enjoyed at a time when optional retirement benefits are granted those with longer service. By the provisions of the amended section employees who leave the Government and who are subsequently employed in industry at work covered by the Social Security Act will thus obtain the benefits afforded by both the Retirement Act and the Social Security Act without the expensive, cumbersome, and complicated method which has been suggested of transferring credits between the retirement fund and the social-security fund.

As a right of refund upon separation prior to becoming eligible to annuity exists under the present law regardless of length of service, and as those now subject to the act came within its provisions when the right of refund existed, provision has been made that the present members of the fund may receive refunds of their contributions for all service prior to the effective date of the bill, or be permitted to leave their contributions in the fund to accumulate at interest with which to purchase an annuity at age 62. If the employee elects a refund, redeposit of the same with interest must be made before he may receive any annuity benefits based on the service covered by the refund. Voluntary deposits may be refunded upon separation and need not be redeposited.

Section 6 provides for the purchase of service credit rendered on and after January 1, 1942, at the rate of 5 percent of compensation.

Section 7 provides for contributions by officers and employees within the purview of the Retirement Act at the rate of 5 percent of compensation from and after January 1, 1942. The present rate is 3½ percent of compensation.

Section 8 amends section 12 of the existing act to authorize refunds for service of less than 5 years.

Section 9 defines the term "annuitant" so as to protect the rights of members of the fund who die before the adjudication of their claims has been completed.

Section 10 makes provision to protect the retirement and refund rights of employees separated before the effective date of this act.

Section 11 provides for effective date upon approval except as otherwise indicated.





Calendar No. 956

77TH CONGRESS
1ST SESSION

H. R. 3487

[Report No. 921]

IN THE SENATE OF THE UNITED STATES

DECEMBER 4, 1941

Read twice and referred to the Committee on Civil Service

DECEMBER 22, 1941

Reported by Mr. MEAD, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To amend further the Civil Service Retirement Act, approved
May 29, 1930, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 1 of the Civil Service Retirement Act approved
4 May 29, 1930, as amended, is amended by striking out the
5 whole thereof and substituting in lieu thereof the following:

6 “SEC. 1. (a) All officers and employees to whom this
7 Act applies who shall have attained, or shall hereafter
8 attain the age of seventy years and have rendered at least
9 fifteen years of service computed as prescribed in section 5
10 of this Act shall be eligible for retirement on an annuity
11 as provided in section 4 hereof.

1 “(b) Any officer or employee to whom this Act applies
2 who shall have attained, or shall hereafter attain the age of
3 sixty years and have rendered at least thirty years of
4 service computed as prescribed in section 5 of this Act, or
5 who shall have attained, or shall hereafter attain the age of
6 sixty-two years and have rendered at least fifteen years of
7 such service may, upon his own option, retire and shall be
8 paid an annuity computed as provided in section 4 of this
9 Act.

10 “(c) The head of a department or independent Govern-
11 ment agency concerned may request the retirement of any
12 such officer or employee described in subsection (b) of this
13 section who, by reason of a disqualification is unable to per-
14 form satisfactorily and efficiently the duties of his position
15 or some other position of the same grade or class as that
16 occupied by the employee and to which he could be assigned.
17 No such request shall be submitted to the Civil Service Com-
18 mission unless and until the said officer or employee has been
19 notified in writing of the proposed retirement. Each such
20 officer or employee shall, upon request by him, have oppor-
21 tunity for a hearing before the Civil Service Commission, at
22 which hearing the officer or employee may appear in person
23 or he may be represented by a person of his choice. No
24 such officer or employee shall be so retired unless the Civil
25 Service Commission after examination finds that he is so

1 disqualified. The determination of the Civil Service Com-
2 mission as to whether the officer or employee shall be retired
3 under this subsection shall be final and conclusive. Any
4 person so retired shall be paid an annuity computed as pro-
5 vided in section 4 hereof. *Nothing in this subsection shall be*
6 *deemed to authorize any person to request the retirement*
7 *of any elective officer, any officer or employee in the legis-*
8 *lative branch of the Government within the classes of officers*
9 *and employees which were made eligible for the benefits of*
10 *this Act by the Act of July 13, 1937, or any employee of*
11 *the office of the Architect of the Capitol.*

12 “(d) Any officer or employee who has completed thirty
13 years of service computed in accordance with the provisions
14 of section 5 hereof and who has reached or may hereafter
15 reach the age of fifty-five years may voluntarily retire and
16 shall be paid an immediate life annuity beginning on the
17 first day of the month following the date of separation from
18 the service having a value equal to the present worth of a
19 deferred annuity at the age of sixty years computed as
20 provided in section 4 of this Act.

21 “If none of the options provided in this section is exer-
22 cised prior to the date upon which the officer or employee
23 would otherwise be eligible for retirement from the service,
24 the provisions of this Act with respect to automatic separa-
25 tion from the service shall apply.”

1 SEC. 2'. Strike out all of section 2 of the Act of May 29,
2 1930, as amended, and insert in lieu thereof the following:

3 "(a) Except as provided in section 204 of the Act of
4 June 30, 1932 (47 Stat. 404), and section 3 of the
5 Act of July 13, 1937 (50 Stat. 512), all officers or em-
6 ployees to whom this Act applies shall, on the last day of
7 the month in which they attain retirement age as defined in
8 the preceding section; and having rendered at least fifteen
9 years of service, be automatically separated from the service,
10 and all salary, pay, or compensation shall cease from that
11 date, and it shall be the duty of the head of each department,
12 branch, or independent office of the Government concerned to
13 notify each such employee under his direction of the date of
14 his separation from the service at least sixty days in ad-
15 vance thereof: *Provided, however,* That no provision of this
16 or any other Act relating to automatic separation from the
17 service shall have any application whatever to any elective
18 officer.

19 "(b) ~~Except as may now or hereafter be provided~~
20 ~~by law,~~ *No* person separated from the service who is re-
21 ceiving an annuity under the provisions of section 1 of this
22 Act shall be eligible again to appointment to any appointive
23 office, position, or employment under the United States or
24 of the government of the District of Columbia *unless the*
25 *appointing authority determines that he is possessed of spe-*

1 *cial qualifications, in which event payment of his annuity*
2 *shall be terminated during the period of his appointment.*
3 *Any such person whose annuity is terminated shall, upon*
4 *the termination of his appointment, have his subsequent an-*
5 *nuity rights determined under the provisions of law in effect*
6 *at the time of such termination."*

7 SEC. 3. That section 3 of the Act of May 29, 1930, as
8 amended, is amended by striking out all thereof and inserting
9 in lieu thereof the following:

10 “(a) This Act shall apply to all officers and employees
11 in or under the executive, judicial, and legislative branches
12 of the United States Government, all elective and appoint-
13 tive officers in or under the said branches, and to all officers
14 and employees of the municipal government of the District of
15 Columbia: *Provided, however,* That this Act shall not apply
16 to any such officer or employee of the United States or of
17 the municipal government of the District of Columbia sub-
18 ject to another retirement system for such officers and em-
19 ployees of the said governments, nor to any elective officer
20 until such officer gives notice in writing to the Civil Service
21 Commission of his or her desire to come within the purview
22 of this Act. Said notice must be given in the case of any
23 such person in the legislative branch of the Government on
24 the effective date of this Act, within six months from such
25 effective date, and in the case of any such person elected

1 and serving after the effective date of this Act, within six
2 months from the taking of the oath of office governments:
3 *Provided further, That this Act shall not apply to any elective*
4 *officer or to any officer or employee in the legislative branch of*
5 *the Government within the classes of officers and employees*
6 *which were made eligible for the benefits of this Act by the*
7 *Act of July 13, 1937, until he gives notice in writing to the*
8 *disbursing officer by whom his salary is paid of his desire to*
9 *come within the purview of this Act. In the case of any elec-*
10 *tive officer serving in the legislative branch of the Government*
11 *on the effective date of this Act and in the case of any officer*
12 *or employee in the service of the legislative branch of the Gov-*
13 *ernment on the effective date of this Act, such notice must be*
14 *given within six months after such effective date. In the case*
15 *of any elective officer elected to and serving in the legislative*
16 *branch of the Government after such effective date, such notice*
17 *must be given within six months after the taking of the oath*
18 *of office; and, in the case of any officer or employee of the*
19 *legislative branch of the Government who enters the service*
20 *after such effective date, such notice must be given within*
21 *six months after the date of entrance to the service. No pro-*
22 *vision of this or any other Act relating to automatic separation*
23 *from the service shall have any application whatever to any*
24 *elective officer.*

25 (b) The President shall have power, in his discretion,

1 to exclude from the operation of this Act any officer or em-
2 ployee or group of officers or employees in the *executive*
3 *branch of the service* whose tenure of office or employment
4 is intermittent or of uncertain duration."

5 SEC. 4. Section 4 (b) of the Act of May 29, 1930, as
6 amended by the Act of August 4, 1939, is amended by strik-
7 ing out the period at the end of section 4 (b) and inserting in
8 lieu thereof a semicolon, and by adding the following sentence
9 after the semicolon: "nor shall such total annuity paid be less
10 than an amount equal to the average annual basic salary, pay,
11 or compensation received by the employee during any five
12 consecutive years of allowable service at the option of the
13 employee, multiplied by the number of years of service, not
14 exceeding thirty-five years, and divided by seventy."

15 SEC. 5. Section 7 of the said Act of May 29, 1930, as
16 amended, is hereby repealed, and in lieu thereof the following
17 is substituted:

18 "(a) Should any officer or employee to whom this Act
19 applies, after having served for a total period of not less
20 than five years and before becoming eligible for retirement
21 become separated from the service, such officer or employee
22 shall be paid a deferred annuity beginning at the age of
23 sixty-two years, computed as provided in clauses (1) and
24 (2) of section 4 (a) of this Act: *Provided*, That any such
25 person involuntarily separated from the service not by re-

1 removal for cause on charges of misconduct or delinquency
2 may elect to receive an immediate annuity beginning at the
3 age of fifty-five or at the date of separation from the service
4 if subsequent to that age having a value equal to the present
5 worth of a deferred annuity beginning at the age of sixty-
6 two years, or at age of separation if subsequent to age sixty-
7 two, computed as provided in section 4 of this Act: *Provided*
8 *further*, That nothing in this Act shall be so construed as to
9 prohibit the refund of deductions, deposits, or redeposits made
10 prior to the effective date of this Act with interest thereon, or
11 of any voluntary contributions made under the provisions of
12 section 10 of this Act, with interest: *And provided further*,
13 That all moneys, except voluntary contributions, so refunded
14 an officer or employee must be redeposited with interest before
15 such officer or employee may derive any annuity benefits
16 based on the service covered by the refund.

17 “(b) Should an annuitant under the provisions of this
18 section be reemployed in a position included in the pro-
19 visions of this Act, the annuity and any right to an im-
20 mediate or deferred annuity as provided herein shall cease
21 as of the date of such employment. If such annuitant is
22 reemployed in any position in the service of the United
23 States or the District of Columbia, not within the provisions
24 of this Act, annuity payments shall be discontinued during

1 the period of such employment, and resumed in the same
2 amount upon termination of such employment.

3 “(c) Interest shall be allowed on the amount credited
4 to such separated officer's or employee's individual account
5 in the retirement fund at 3 per centum compounded on
6 June 30 of each year until the beginning date of annuity.”

7 SEC. 6. That in section 9 of the Act of May 29, 1930,
8 as amended, after the words “and also $3\frac{1}{2}$ per centum of
9 the basic salary, pay, or compensation for services rendered
10 from and after July 1, 1926” insert the following: “and
11 prior to January 1, 1942, and also 5 per centum of such
12 basic pay, salary, or compensation for services rendered on
13 and after January 1, 1942”.

14 SEC. 7. Add to the first sentence of section 10 of the
15 Act of May 29, 1930, as amended, the following: “*Provided,*
16 That after December 31, 1941, there shall be deducted and
17 withheld from the basic salary, pay, or compensation of
18 any officer or employee to whom this Act applies a sum
19 equal to 5 per centum of such officer's or employee's basic
20 salary, pay, or compensation”.

21 SEC. 8. Strike out paragraph (b) of section 12 of the
22 Act of May 29, 1930, as amended, and insert in lieu thereof
23 the following:

24 “In the case of any officer or employee to whom this

1 Act applies who shall be transferred to a position not within
2 the purview of this Act, or who shall become absolutely
3 separated from the service before he shall have completed an
4 aggregate of five years of service computed in accordance
5 with section 5 of this Act, the amount of deductions from his
6 basic salary, pay, or compensation credited to his individual
7 account, together with interest at 4 per centum compounded
8 on June 30 of each year shall be returned to such officer or
9 employee: *Provided*, That when an officer or employee be-
10 comes involuntarily separated from the service, not by re-
11 moval for cause on charges of misconduct or delinquency
12 before completing five years of creditable service the total
13 amount of deductions from his basic salary, pay, or com-
14 pensation with interest at 4 per centum compounded on June
15 30 of each year shall be returned to such officer or employee:
16 *Provided further*, That all deductions from basic salary, pay,
17 or compensation so returned to an officer or employee must,
18 upon reinstatement, retransfer, or reappointment to a position
19 coming within the purview of this Act be redeposited with
20 interest at 4 per centum compounded on June 30 of each
21 year before such officer or employee may derive any benefits
22 under this Act, except as provided in this section, but interest
23 shall not be required covering any period of separation from
24 the service."

25 SEC. 9. Section 13 of the Act of May 29, 1930, as

1 amended, is hereby amended, effective from January 1, 1940,
2 by adding at the end thereof the following paragraph:

3 "The term 'annuitant' as used in this Act shall include
4 any employee who has met all requirements of the Act for
5 title and has filed claim therefor, notwithstanding final admin-
6 istrative action was not taken by the Civil Service Commis-
7 sion prior to his death. Nothing in this section shall be so
8 construed as to reduce any benefit otherwise payable."

9 SEC. 10. Nothing in this Act shall be so construed as to
10 affect any rights of persons separated prior to the effective
11 date of this Act, but all such rights shall continue and may be
12 enforced in the same manner as though this Act had not been
13 made.

14 SEC. 11. This Act shall take effect upon approval except
15 as otherwise provided herein.

Passed the House of Representatives December 1, 1941.

Attest:

SOUTH TRIMBLE,

Clerk.

77TH CONGRESS
1ST SESSION
H. R. 3487

[Report No. 921]

AN ACT

To amend further the Civil Service Retirement Act, approved May 29, 1930, as amended.

DECEMBER 4, 1941

Read twice and referred to the Committee on Civil Service

DECEMBER 22, 1941

Reported with amendments



IN THE SENATE OF THE UNITED STATES

JANUARY 7 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GEORGE to the bill (H. R. 3487), an Act to amend further the Civil Service Retirement Act, approved May 29, 1930, as amended, viz:

- 1 On page 6, strike out everything beginning with the
- 2 word "In" in line 9, down to and including the word
- 3 "service" in line 21.

1-7-42—A

AMENDMENT

Intended to be proposed by Mr. George to the bill (H. R. 3487), an Act to amend further the Civil Service Retirement Act, approved May 29, 1930, as amended.

JANUARY 7 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

77TH CONGRESS
2D SESSION

H. R. 3487



IN THE SENATE OF THE UNITED STATES

JANUARY 7 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GEORGE to the bill (H. R. 3487), an Act to amend further the Civil Service Retirement Act, approved May 29, 1930, as amended, viz:

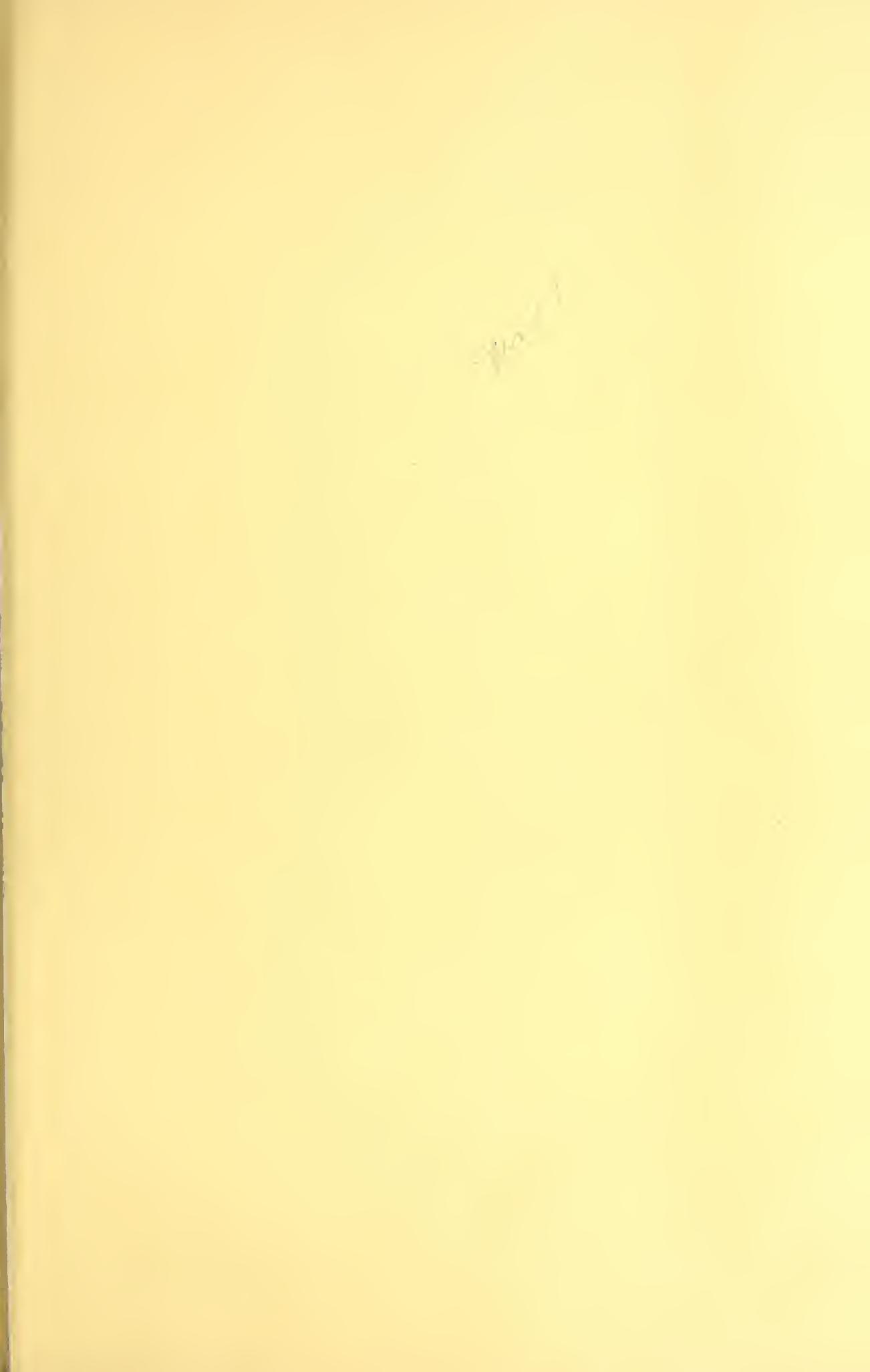
- 1 On page 9, lines 11 and 13 strike out "January 1, 1942"
- 2 and insert "July 1, 1942".
- 3 On page 9, line 16, strike out "December 31, 1941" and
- 4 insert "June 30, 1942".

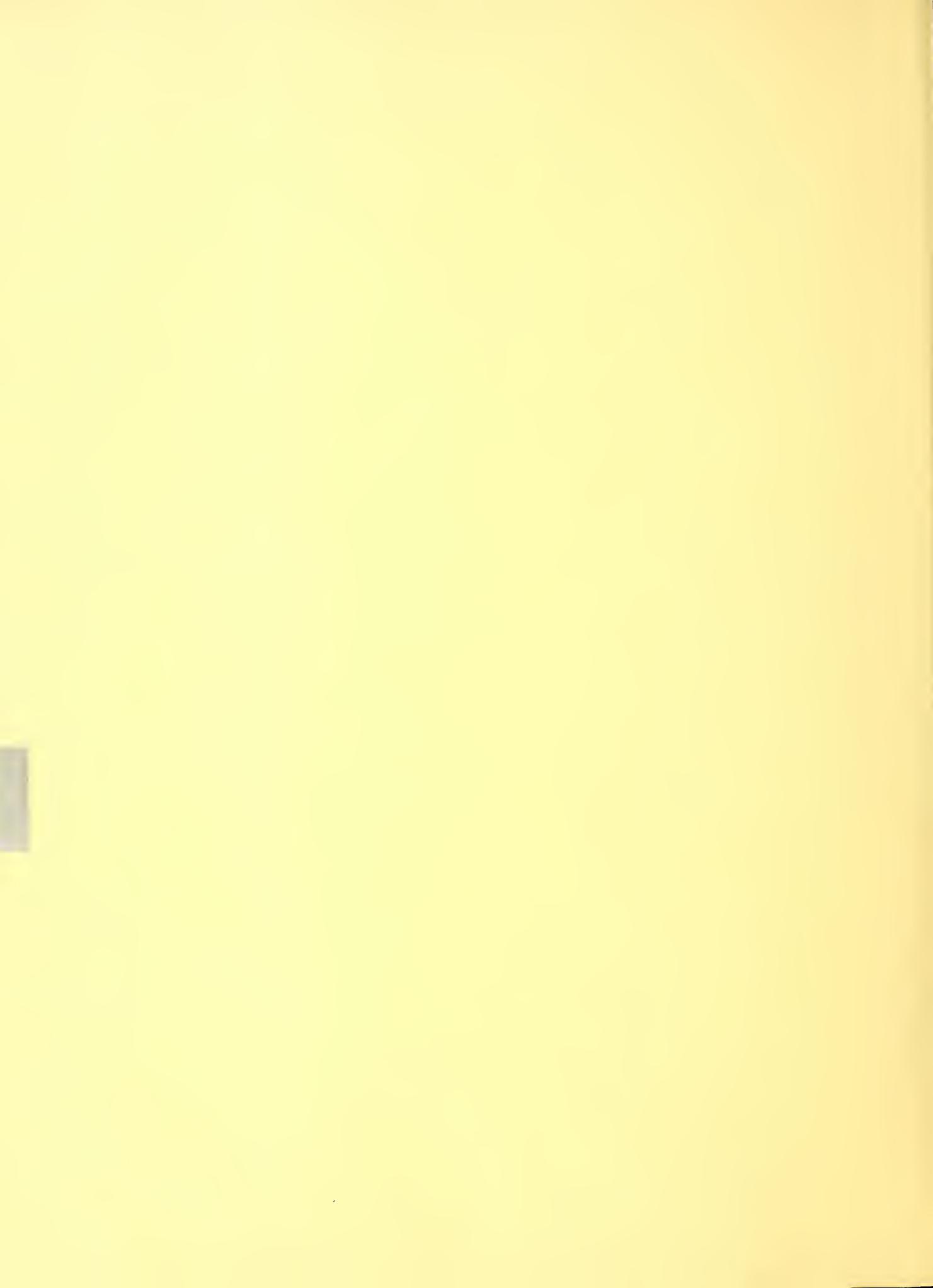
1-7-42—C

AMENDMENT

Intended to be proposed by Mr. Gruccio to the bill (H. R. 3487), an Act to amend further the Civil Service Retirement Act, approved May 29, 1930, as amended.

JANUARY 7 (legislative day, JANUARY 6), 1942
Ordered to lie on the table and to be printed





"Would you employ force or would you confine yourself to moral suasion?"

"I shouldn't stop for 'moral suasion.' I should use a club if I had one."

"Would you use a gun?"

"Certainly, if I could get one."

"Well, then, you believe in war, for that would be war on a small scale. If a policeman were near, he would, as he should, help you in your effort to protect your dear ones from death or injury, and also in arresting the thugs and seeing that they were punished. You have only to multiply the number of thugs to make the affair a riot or an insurrection or civil war or international war."

Every prison or jail, every brass button on a policeman's uniform, every courthouse or judge or constable or bailiff—all these are the insignia of war—the necessary and legitimate occupation of civil government in the protection of its people in their rights. That is the ruler's job.

Let it be remembered that it was not to an unbeliever that God first committed the authority to govern his fellow men. Noah was a man of faith. He was as much a citizen of heaven as is the New Testament Christian, but that did not prevent him from being also a citizen of earthly government, nor did it deliver him from the responsibilities connected therewith.

The United States is in the midst of war. Through no fault of our own, we have been thrust into conflict with a malicious and dangerous foe. The Government at Washington is obligated by the authority derived from God himself to protect its citizens from the dangers which threaten them.

And Christians ought to help. It is inconsistent and unscriptural to have enjoyed the blessings of peace under the Stars and Stripes, and then refuse to help in lifting the common burden pressing upon the Nation in time of war. To be perfectly consistent, the Christian who thus refuses to do his share ought to live on a desert island, where there would be no government to assist him should he need assistance or protection.

The Government is acting under the sanction of divine authority, and it must maintain itself in righteousness, or it will surely be repudiated and destroyed by divine power. It need not, and it ought not, to wait for its subjects to "volunteer" to come to its help. It would be just as reasonable to expect the Government to wait for its citizens to "volunteer" to pay their taxes. Universal service is the righteous method, for under it every man must "do his bit."

WILMINGTON, DEL.

AMENDMENT OF THE CIVIL-SERVICE RETIREMENT LAW

Mr. MEAD. Mr. President, I move that the Senate proceed to consider House bill 3487 to amend further the Civil Service Retirement Act, approved May 29, 1930, as amended.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 3487) to amend further the Civil Service Retirement Act, approved May 29, 1930, as amended, which had been reported from the Committee on Civil Service with amendments.

PRICE CONTROL

Mr. O'MAHONEY. Mr. President, on Saturday morning Mr. Albert Goss, master of the National Grange, and formerly an important official in the Farm Credit Administration, delivered a radio address upon the price-control bill. In his address he discussed many of the current misapprehensions with respect to the purposes and objectives of the organized

and unorganized farmers of the country. He discussed in particular certain amendments which were added to the price-control bill in the Senate. The matter is of such immediate moment, in that the conferees on the part of the Senate and of the House are now concerned with the bill, that I ask unanimous consent that Mr. Goss' address be printed in full in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

There has been a lot of loose talk about the issue of price control, and it is about time for a few plain facts.

The price-control bill has been under consideration for months, and many efforts have been made to draft it or amend it so that it would do equity to all. It is now in conference and the strongest efforts are being made to kill the provisions for protecting agriculture. Four points stand out in its troubled course through two committees and through each House.

VAST DELEGATION OF POWER

First. The demand that vast powers of life or death over business and agriculture should be placed in one man; and it is assumed by all that that man would be Leon Henderson. Every attempt to provide checks against the possible abuse of those vast powers has been most vigorously fought by Mr. Henderson himself.

Second. Labor, which is one of the chief factors in all costs, is left out, and every attempt to include it has been vigorously opposed by Mr. Henderson.

Third. Every effort to protect agricultural production against the possibility of ruinous control has been vigorously opposed by Mr. Henderson.

Right here it should be noted that prices of farm products have increased but 35 percent in the past 30 years, while wages generally have increased 185 percent and wages in factories nearly 300 percent. The ruinous price received by farmers has reduced farm wealth nearly \$4,000,000,000 below where it was 30 years ago, although we have as many people on the farms as we had then. Prices have been so low for 10 years that the Government has had to subsidize farmers to avoid complete collapse. Until the past few days farm prices have not once touched parity in the past 20 years, while labor has been far above parity. We are not deplored high wages, but we call attention to the fact that controls are sought on the industry whose prices are lowest and whose followers have produced most willingly and in the greatest abundance, and controls are opposed where prices are highest and where strikes and slowdowns, boycotts, and hot-cargo practices have done the most damage in retarding production. Why all the abuse of agriculture, unless it is to hide the fact that labor is left out, and left out at the demand of the very people who are refusing protection for farmers?

Fourth. At no time have farmers asked for guaranteed prices under the bill. All they have sought is a rule or definition which would prevent clapping a ceiling on prices which might make it impossible to produce the food expected of them. Statements that the bill would increase food costs 25 percent are without foundation, for there is nothing whatever in the bill to increase prices or food costs. Such statements are misleading. They create prejudice and divert the attention of the public from the fact that those who make them will not permit the drafting of a measure which includes labor or which would treat all alike.

BRIEF OUTLINE OF GRANGE POLICY

Let me tell you what the farmers have asked for and see if you do not believe it is

in the public interest. At its seventy-fifth annual session last November the National Grange asked that a number of economic remedies be applied before arbitrary price fixing be employed. If it became necessary to resort to arbitrary price fixing, they asked five measures of protection against possible abuse.

First. That control should extend to all groups, including labor, for if one group were permitted to advance its price without control, the other groups would have to bear the additional burden. This request for equity for all has been denied.

Second. That the administration of the act should be under a board, so that all groups could be represented by men who understood their problems. This has also been denied.

Third. A court of appeal should be provided where anyone aggrieved could be heard. This is provided in the Senate bill.

Fourth. That arbitrary control be limited to profiteering, for most increases lie between the farmer and the consumer.

Fifth. That a minimum ceiling of parity be provided, with parity based on income, under a formula which would assure agriculture an equitable share in the national income. This formula has not been developed, and when I point out that in 1940 farmers, who comprised nearly one-fourth of our population, received from all their farm production only 6.3 percent of our national income, it is very apparent that a just formula for parity is needed. No such formula has been provided, and with wages allowed to run wild the farmer's only protection appears to be to relate any ceiling on farm prices, in some degree at least, to the wage scale, so that wages and farm prices may be kept in balance. This the O'Mahoney amendment does. It should be clearly understood that this amendment is in no sense a substitute for parity. It merely prevents establishing a ceiling which is unrelated to a possible runaway wage situation and is necessary solely because of the failure to include wages in the bill. Mr. Henderson wants the right to hold farm prices to a static base, as provided in the measure reported out by the Senate committee. This is thoroughly unbalanced.

Let me give you the picture of what farmers are up against in trying to do their part. Because an unsound marketing system resulted in piling up huge surpluses of certain crops during a protracted period of depression, and because the American farmer did not stop to bicker over plant expansion, hours of labor, or working conditions, but pitched right in to do a 100-percent job, most people have assumed that we need have no fears about adequate farm production.

DIFFICULTIES CONFRONTING AGRICULTURE

The farmer's willingness to do all he can has not been overestimated, but war conditions have completely changed the picture, and he cannot be expected to do the impossible.

In addition to a great increase in the demand at home, we are called on to furnish a large part of the food for our Allies, whose combined total population is many times larger than our own. Shipping conditions demand that this food be produced in the most concentrated form, and shortages have arisen in dairy, poultry, and meat products, which cannot be expanded overnight. These branches of agriculture not only require the most labor, but that labor must be the most experienced and skilled. The higher wages and shorter hours of industry, combined with the draft, have served to strip our farms of a large part of its experienced young men at the very time when we are asked for great increase in our production. We have had little protection against this. I particularly call attention to the fact that every increase in the farmer's wage cost increases his cost of production. If he cannot get prices sufficient to meet these increased costs, he cannot hire the help, and without the help he

cannot produce what is expected of him. Compensatory farm prices are absolutely essential to adequate production.

SPEAKING OF MR. HENDERSON

But, it may be asked, is not agriculture willing to trust Mr. Leon Henderson to set farm prices on a fair basis? The answer is "no," and farmers have three very good reasons for saying "no."

First, if the real purpose of the price-control bill is to avoid inflation, and it becomes necessary to abandon economic means and resort to arbitrary price fixing, all should be treated alike. Any effort to protect any single group from the impact of rising costs due to war will mean that the burden will fall more heavily on the other groups. Mr. Henderson has openly advocated just such an unsound policy in insisting that labor be exempted. Agriculture cannot maintain production under fixed prices with rising labor costs.

Agriculture must plan and finance its production months and, in the case of livestock, years ahead. Farmers can neither plan nor finance their production under such conditions.

Second, Mr. Henderson demands absolute power for himself. As I have said, farmers want a board comprised of men familiar with the problems of our essential industries. Such a board would be in a position to establish well-coordinated policies designed to prevent the confusion resulting from decisions based on insufficient information. They could then employ an administrator having the ability and the zeal of Mr. Henderson to administer the policies thus established. Although practically every successful large business in America operates under this sound principle, Mr. Henderson demands the powers of a dictator, and farmers do not believe any man is wise enough to be granted the vast dictatorial powers delegated in the price-control bill. They question the wisdom of abandoning the policies which have promoted economy and success in business. Very bluntly, they fear costly mistakes, and they fear the powers given to the administrator might be used to conduct some far-reaching social experiments.

Third, Mr. Henderson has already clearly demonstrated that he does not understand the problems involved in farm production and that he does not consider it necessary to take adequate steps to find out. Witness the recent order on fats and oils. The Secretary of Agriculture is charged with the responsibility of securing large increases in fats and oils as an essential war supply. Without approval of the Secretary, Mr. Henderson recently promulgated an order setting a ceiling on lard so low that it would result in sharply curtailed production rather than increased production. Farmers cannot help wondering if the fact that he was seeking the enactment of the bill granting to himself such broad dictatorial powers was not largely responsible for the change in the regulation which was finally made.

The Secretary of Agriculture is charged with the responsibility of administering a program of adequate farm production. Since no board is provided to assure that agriculture's problems have adequate consideration, the Secretary should have the right to veto any proposals which would interfere with such a program of production.

DANGERS OF DICTATORIAL POWER

Farmers do not believe in this type of dictatorial legislation. They consider it dangerous. If, however, it is to be enacted, they believe that reasonable safeguards should be included so that ill-advised action will not cause irreparable damage to the farm production program.

The dangers of placing such absolute power in the hands of any one man are almost beyond belief. In the case of Mr. Henderson, he has already demonstrated his willingness

to plunge into ill-advised action, which, if not checked, might wreck our whole production program. The farmers understand this clearly and are 100 percent behind Secretary Wickard in his courageous stand for the right to prevent the wrecking of the food program for which he is responsible. Secretary Wickard is one of the strongest opponents of inflation in the Government. Is it reasonable to assume that he would curb Mr. Henderson's efforts unless they threatened his production program? Such an assumption is ridiculous. Requiring the Secretary's approval on farm price ceiling is merely a safeguard to which those who depend on our increased production are entitled. Summarizing, farmers want five safeguards:

1. The Board; 2. The court of appeals; 3. The right of Congress to revoke the powers granted by joint resolution; 4. The right of the Secretary of Agriculture to prevent ceilings which will curtail needed production; 5. The inclusion of all groups, including labor, but if labor is not included, they want farm prices kept in balance by a direct relation to wages.

1. The Board has been defeated

2. The court of appeals has been provided.

3. The right to revoke the authority thus granted is included in the Senate amendments.

4. The right of the Secretary of Agriculture to prevent destructive price ceilings is included in the Bankhead Senate amendment.

5. Wages are left out, but the O'Mahoney Senate amendment gives a fair measure of protection by relating farm prices to wages.

The bill is dangerous enough at best because of its dictatorial powers. Surely the public is entitled to this much protection.

In conclusion, farmers are not fighting for special privileges. They have demonstrated their good faith by increasing their production to the utmost without first demanding a host of guarantees. Justice requires that the Government keep faith with them. We have been asked for an enormous expansion in production of those foodstuffs which are most difficult to increase. This cannot be done without adequate labor, transportation, supplies, and compensatory prices. Since Agriculture is not represented on the administering boards and commissions, the farm organizations have had to speak plainly to let Congress know what must be done if we are to produce the food expected of us. We challenge any industry to show a record of longer hours, harder work, less delay or stoppage of production than will be found on our farms. All we ask is assurance of conditions which will enable us to plan for, to finance, and to produce the crops expected of us.

We have seldom seen such a volume of propaganda as has been launched against the measure, as finally passed by the Senate. The full story has not been told, and many false statements have been made. To the farmers of America I want to say that if you want to protect your industry from another trimming such as we got last time, wire your Senators and Congressmen to stand by the Senate amendments to the price control bill. To the general public I would say, if you believe in a fair deal to agriculture, and if you want to keep farmers in a position where they can produce plenty of food for ourselves and our Allies, advise your Senators and Congressmen to stand by the Senate amendments to the price control bill.

AMENDMENT OF CIVIL SERVICE RETIREMENT LAW

The Senate resumed the consideration of the bill (H. R. 3487) to amend further the Civil Service Retirement Act, approved May 29, 1930, as amended.

Mr. MEAD. Mr. President, the bill which the Senate is now considering, House bill 3487, commonly referred to as the amendments to the Civil Service Retirement Act in the main, provides that the compulsory retirement age, which is now 62, 65, or 70, be made uniformly 70 years of age. One of the principal provisions of the bill requires compulsory retirement at 70 instead of 62, 65, or 70, as under the present law.

At the option of the employee or at the option of the Government, if the employee is disqualified to perform his duties he may be retired at the age of 60 after 30 years of service, or at the age of 62 after 15 years of service, with full retirement benefits. The employee may be retired at his option at the age of 55 after 30 years of service, with immediate annuity, actuarially equivalent to his regular annuity based on the age of 60.

The Government option is not available, however, so far as retirement is concerned, in the case of any elective officer or any officer or employee in the legislative branch. Such persons may work as long as they see fit, or as long as their work is satisfactory. Nor does it apply to any employee of the Office of the Architect of the Capitol. In those instances there is no compulsory retirement age. So, in the main, Mr. President, section 1 of the bill sets the age of 70 as the compulsory age hereafter. Heretofore it has been 62, 65, or 70.

Section 2 of the bill provides automatic separation from the service at the age of 70 years, and it applies to all except those in the elective, judicial, and legislative services. The automatic separation at the age of 70 applies, in the main, to the executive departments of the Government, but not to the elective, judicial, or legislative services.

Mr. DAVIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BUNKER in the chair). Does the Senator from New York yield to the Senator from Pennsylvania?

Mr. MEAD. I yield.

Mr. DAVIS. May the time be extended when the age of 70 is reached, or is the retirement compulsory?

Mr. MEAD. It is compulsory, except that there is in the bill a provision whereby there may be reemployed any retired annuitant who has special qualifications for a special task. So, while automatic separation is compulsory at the age of 70, there is still the provision that the Government may continue to enjoy the services of a specialist in any given line.

Section 3 of the bill applies to retirement membership coverage. This is the section of the bill which expands the present coverage. It includes all officers and employees in or under the executive, judicial, and legislative branches of the Government, including all elective and appointive officers, and all officers and employees in the District of Columbia. However, this coverage does not apply to elective officers or to officers and employees in the legislative branch until they elect, with certain limitations, to secure a retirement status.

The President is authorized to exclude any officer, employee, or group in the executive branch whose tenure is intermittent or uncertain or of very brief duration. There is an amendment in the bill which would allow the Architect of the Capitol to exclude from the provisions of the bill temporary employees who are engaged in the work of snow removal and the like.

Now, let us consider section 4. Section 4 applies to the additional minimum computation. The computation method under existing law applies rather unfairly to those who are in the average-pay brackets and higher-pay brackets. For instance, under existing law the total annuity may not be less than an amount equal to the average annual basic salary, not to exceed \$1,600 per annum, received by the employee during any 5 consecutive years of allowable service, multiplied by the number of years of service, but not exceeding 30 years, and then divided by 40. That does not give adequate consideration to an employee whose salary is in excess of \$1,600 per annum, and as his salary is increased above \$1,600 per annum, his percentage of annuity proportionately diminishes, until a man with a salary of \$10,000 a year would receive only about 12 percent in benefits, whereas a man with a salary of \$1,200 a year would receive approximately 35 percent of his salary in benefits.

Mr. DAVIS. What effect would it have upon those who have entered the public service from a State which has an annuity plan or retirement plan of its own?

Mr. MEAD. It would not be compulsory for them to participate in this plan.

Section 5 of the bill pertains to deferred annuity benefits. It provides that any employee or any officer separated from the service after serving at least 5 years shall be paid a deferred annuity beginning when he reaches the age of 62, computed, as provided in the provisions of the law, in proportion to his years of service. If the separation is involuntary, not removal for cause or charges of misconduct or delinquency, the officer or employee "may elect to receive an immediate annuity beginning at the age of 55 or at the date of separation from the service if subsequent to that age having a value equal to the present worth of a deferred annuity" based upon age 62, computed as provided under the provisions of the bill. In other words, a new feature of the bill provides that the employee who has retired after 5 years of service shall not take his money from the retirement fund, but shall take in lieu thereof a deferred annuity payable to him when he reaches the age of 62. So all employees hereafter making payments into the fund for a period of 5 years or over will not withdraw their money, but will participate in an annuity when they reach the age of 62.

Section 6 of the bill makes provision for past service credit. It provides that the applicant in making deposit for past service in order to participate in the benefits provided by the bill shall pay at the rate of 3½ percent back until 1926. Beyond that he will pay at the rate of 2½ percent; but after the enactment of the bill he will pay at the rate of 5 percent.

The bill raises the employee's contribution from 3½ percent to 5 percent; and anyone hereafter participating in the retirement system will pay 5 percent of his salary. That will be the highest rate charged in any retirement system of which I know. For instance, the Army and Navy, the Public Health Service, the Coast and Geodetic Survey, and the Coast Guard provide pensions for their officers, under which they receive 75 percent of their salaries and to which they make no payments whatsoever. The State Department provides a retirement service for employees in the Foreign Service. They draw 60 percent of their salaries, and they pay a modest sum into the retirement fund. When United States judges retire they draw 100 percent of their salary and pay nothing into any retirement fund. Persons participating in social-security benefits pay 1 percent of their salaries. Employees of the railroads pay 3 percent in order to participate in railroad retirement benefits. But in the civil-service retirement fund we are raising the assessments from 3½ percent to 5 percent, making it the largest assessment charged by any fund now in existence of which I know.

Section 8 pertains to refunds. It provides that any officer or employee who, after serving less than 5 years, is transferred to a position not within the act, or is absolutely separated from service, may receive a refund of the sum credited to his individual account with interest. In other words, he will not lose anything. Whatever he has paid he will receive as a refund unless he has been over 5 years in the service; and in that event he is given a deferred annuity benefit which he draws after he reaches the age of 62.

Section 9 defines the annuitant. The section would permit the Civil Service Commission to adjudicate the annuity claim and determine the rights of a former employee who has met the requirements for annuitable title but who dies before final administrative action is taken by the Commission. In such case there has been much difficulty in the past, and this section of the bill is an attempt to safeguard the estate of the annuitant, and to provide an opportunity for the orderly repayment of such moneys as may be due him.

Summing it up, Mr. President, in the main, the bill will allow Federal employees to enjoy from 5 to 8 years additional service. Persons who under existing law would be retired at the age of 62, will now be able to remain in the service, if their health and the quality of their work permit, until they are 70 years of age.

In that connection, let me say that this is an economy measure. The provision raising the assessment from 3½ percent to 5 percent will result in an annual payment into the Treasury of \$27,000,000 more than is being paid under existing conditions. During this period of emergency, when it is difficult to recruit new employees, it will make it possible for the Government to use well-trained and capable men who otherwise might be retired.

Under existing law, civil-service employees pay \$68,000,000 annually into the fund. Under the proposed law they will

pay \$95,000,000 annually into the fund. At the present time there is in the fund approximately \$751,000,000.

Another matter that is worthy of note is that this money may be used by the Government in an emergency, as it has been used in the past, and it may be restored, as it has been restored in the past, at a later date.

So, Mr. President, our committee, and, so far as that is concerned, the committee of the House of Representatives and the House itself, believe this is a good bill by the affirmative action which they have taken on it. It is recommended by the departments of the Government affected and it is, in my judgment, the very best legislation bearing upon this vital subject which can now be framed. I trust that the bill, with the committee amendments, will receive the approval of this body.

Now, Mr. President, I ask the committee amendments be stated.

The PRESIDING OFFICER. The clerk will state the committee amendments.

The first amendment of the Committee on Civil Service was in section 1, paragraph (c), page 3, line 5, after the word "hereof", to insert "Nothing in this subsection shall be deemed to authorize any person to request the retirement of any elective officer, any officer or employee in the legislative branch of the Government within the classes of officers and employees which were made eligible for the benefits of this act by the act of July 13, 1937, or any employee of the office of the Architect of the Capitol", so as to read:

(c) The head of a department or independent Government agency concerned may request the retirement of any such officer or employee described in subsection (b) of this section who, by reason of a disqualification is unable to perform satisfactorily and efficiently the duties of his position or some other position of the same grade or class as that occupied by the employee and to which he could be assigned. No such request shall be submitted to the Civil Service Commission unless and until the said officer or employee has been notified in writing of the proposed retirement. Each such officer or employee shall, upon request by him, have opportunity for a hearing before the Civil Service Commission, at which hearing the officer or employee may appear in person or he may be represented by a person of his choice. No such officer or employee shall be so retired unless the Civil Service Commission after examination finds that he is so disqualified. The determination of the Civil Service Commission as to whether the officer or employee shall be retired under this subsection shall be final and conclusive. Any person so retired shall be paid an annuity computed as provided in section 4 hereof. Nothing in this subsection shall be deemed to authorize any person to request the retirement of any elective officer, any officer or employee in the legislative branch of the Government within the classes of officers and employees which were made eligible for the benefits of this act by the act of July 13, 1937, or any employee of the office of the Architect of the Capitol.

The amendment was agreed to.

The next amendment was, in section 2, paragraph (b), page 4, line 19, to strike out "Except as may now or hereafter be provided by law, no", and insert "No", so as to read:

No person separated from the service who is receiving an annuity under the provisions

of section 1 of this act shall be eligible again to appointment to any appointive office, position, or employment under the United States or of the government of the District of Columbia—

And so forth. The amendment was agreed to.

The next amendment was, in the same section and paragraph, page 4, line 24, after the name "District of Columbia", to insert "unless the appointing authority determines that he is possessed of special qualifications, in which event payment of his annuity shall be terminated during the period of his appointment. Any such person whose annuity is terminated shall, upon the termination of his appointment, have his subsequent annuity rights determined under the provisions of law in effect at the time of such termination."

Mr. NORRIS. Mr. President, will the Senator from New York yield?

Mr. MEAD. I am glad to yield to the Senator from Nebraska.

Mr. NORRIS. As the Senator will recall, I submitted to him several days ago an amendment to this bill which he said he would take up with his colleagues on the committee.

Mr. MEAD. In reply to the question submitted by the distinguished Senator from Nebraska, I will say that I did take it up, and I am informed that an amendment which was adopted by the committee provides that, although retirement is compulsory at the age of 70, any employee may be retained in the service or his service may be extended if in the judgment of his superior officers he possesses superior or essential qualifications. So we have opened the door for the continued employment of employees having special talent. The committee felt that that would adequately take care of the amendment which was suggested to me by the Senator from Nebraska who has now the floor.

Mr. NORRIS. Has the committee offered such an amendment?

Mr. MEAD. Yes; that is one of the committee amendments.

Mr. NORRIS. Very well.

Mr. MEAD. It opens the door for all employees having special talent to be retained in the service or to be brought back into the service at the suggestion or request of their superiors. That is the amendment now under consideration which I trust will be approved.

Mr. NORRIS. I thought that might be the one I had in mind. I have never heard of the amendment before. It may be the Senator is entirely correct and that it is an improvement over the amendment I suggested to him. I cannot say positively as to that, but at first blush and on merely hearing it read, some doubt arose in my mind. Perhaps the amendment fully takes care of the cases I wanted to cover by the amendment I suggested to the Senator. Does the Senator think it does?

Mr. MEAD. Yes; I do. If the Senator will read the language preceding the amendment I think he will obtain a clear idea of it. The language preceding the amendment reads:

No person separated from the service who is receiving an annuity under the provisions of section 1 of this act shall be eligible

again to appointment to any appointive office, position, or employment under the United States or of the government of the District of Columbia—

Our committee felt that was quite harsh. So the suggestions the Senator from Nebraska made to me were brought to the attention of the committee, and the committee added the words:

unless the appointing authority determines that he is possessed of special qualifications, in which event payment of his annuity shall be terminated during the period of his appointment. Any such person whose annuity is terminated shall, upon the termination of his appointment, have his subsequent annuity rights determined under the provisions of law and in effect at the time of such termination.

That, together with the authority given to the President to issue an Executive order, will take care of any employee in the Government service having special talent or possessing special qualifications.

Mr. NORRIS. I was not thinking so much about employees having special qualifications, although it would, of course, apply to them; I was thinking about the ordinary employee who had reached the age of 70 years and was not incapacitated because of his age—perhaps an exception to the general rule—but still retained all his ability and his vitality and who wanted to continue in the service, and the Government wanted men of qualifications such as those possessed by him. It seems to me that to terminate his service absolutely without any qualification was rather a cruel way to treat him, especially when the Government of the United States might be very anxious to utilize services such as he could render and ability such as he possessed.

Mr. MEAD. The Senator will realize the problem that confronted the committee. If we consider an amendment which would allow an employee to remain in the service regardless of his age, we would simply destroy the actuarial benefits of the act.

Mr. NORRIS. I do not want to do that.

Mr. MEAD. Under existing law only the President by Executive order may continue an employee in the service, but the committee placed in the bill a provision to the effect that the superior officer of the employee may continue him in the service.

Mr. NORRIS. Why is it necessary to use the language which appears there and which I do not quite understand? It reads:

Unless the appointing authority determines—

What does that mean?

Mr. MEAD. That means the personnel officer of the agency or the employee's immediate superior, the chief of the bureau or of the section or the head of the department.

Mr. NORRIS. I should like to read a little further. What does this language mean:

Unless the appointing authority determines that he is possessed of special qualifications, in which event payment of his annuity shall be terminated during the period of his appointment.

I do not quite understand what that means.

Mr. MEAD. That means that although the employee has arrived at the age of 70, when his annuity begins—

Mr. NORRIS. Yes.

Mr. MEAD. The annuity can be terminated at the same instant if his immediate superior, or any superior, for that matter, over him in the department wishes to retain his services and notifies the retirement commission that the employee has special qualifications. Therefore his annuity at 70 is suspended until he retires, say, at 75, and if during the intervening years his annuity benefits have been raised by law he will, when he retires at 75, enjoy the increased benefits which may have accrued during his 5 years of added service.

Mr. NORRIS. Does it mean, then, that if he should retire, let us say, at the age of 75, he would not get the benefit of any increase to which his additional service had entitled him—he would get the same benefit as though he had retired at the age of 70?

Mr. MEAD. He would get the benefit of any increase that resulted from legislation, and he would get the actuarial benefit resulting from his increased years of service. He would have, then, 5 years more of his own contributions to enjoy as well as 5 years more of the Government's payments to him.

Mr. NORRIS. Would he have to go through the formality of being reappointed?

Mr. MEAD. Not necessarily; no.

Mr. NORRIS. The bill says, reading further from the amendment:

Any such person whose annuity is terminated—

I do not understand that it is actually terminated. It is merely suspended; is it not?

Any such person whose annuity is terminated shall, upon the termination of his appointment—

What appointment does that mean?

Mr. MEAD. It means his subsequent continuation in the service.

Mr. NORRIS. Then, that is construed to be an appointment, I should judge.

Mr. MEAD. That is correct; and we use the word "terminated" because it applies more generally to all the others who have gone out of the service, who will not come back into the service. It is merely technical language. The information given to the committee by the retirement experts was that it covers the case we had in mind—the case of the man with special talent or special qualifications—and it adds to the authority of the President to continue him in the service the authority of his superior. If his superior does not want him in the service, the chances are that he will not want to remain in the service and cannot remain in the service, because I presume his superior may find other provisions of this bill or other laws that will enable him to terminate the employee's service. So I really believe that we go as far as it is possible to go and, at the same time, protect the retirement law in its actuarial soundness.

Mr. NORRIS. Of course, I do not want to offer any amendment that would in any way make the bill unworkable, nor do I want to ask anything unreasonable. While I do not quite understand the matter, I know that the Senator has given it a great deal of attention, and so has his committee. I think they are entitled to a good deal of praise because of their work; so, whether I ought to do so or not, I shall accept the action of the committee in the matter referred to.

Mr. MEAD. Mr. President, I ask for the adoption of the amendment.

Mr. DANAHER. Mr. President, before the Senator leaves that point, will he permit me to ask him whether under this optional retirement program men who, for example, have been employed for 15 years, and have reached the age of 62, but who still may continue in service at their option—

Mr. MEAD. That is, unless they are disqualified physically or in some other manner.

Mr. DANAHER. Yes. So long as they continue in service beyond that age, will they not be blocking the rate of promotion of persons all along the line back of them?

Mr. MEAD. The chances are that they will be; but, for instance, right now it is desired to have all these men remain in the service. The President, by Executive order, has extended for another year the service of all the men in the postal service, because it is difficult to get men to replace them. There may, in the future, be times such as there were when we passed the Economy Act, when there was a surplus of labor; and at that time, under that bill, everybody who could be forced out of the service was arbitrarily forced out after he had a minimum of thirty years of service. It was a very expensive procedure. It cost the retirement fund a tremendous sum of money. But I will say to my distinguished colleague that the longer a man is kept in the service, the more difficult it is for someone below him to receive a promotion. Right now it is very necessary that we keep these employees in the service, and it is also very necessary that we arrive at some fair and just age for their automatic separation from the service. Seventy years seems to be a fair and just age from the standpoint of the employee and from the standpoint of the Government, and it is the age arrived at more commonly by every retirement system that we know about. So far as our committee was informed, it is the best age and that is why we approved that age.

Mr. DANAHER. Mr. President, will the Senator further bear with me?

Mr. MEAD. Certainly.

Mr. DANAHER. I thank the Senator. The Senator will realize that we who are not on the committee are at quite a disadvantage in trying to construe this measure.

As I look at page 2, lines 1 to 9, inclusive, let me read the language upon which to base one more question:

Any officer or employee to whom this act applies who shall * * * hereafter—

Now I go to line 5—
attain the age of 62 years and have rendered at least 15 years of such service may, upon his own option, retire and shall be paid an annuity computed as provided in section 4 of this act.

If such a person does not exercise his right to retire, he not only will block the promotion of all persons below and back of him, but will it not also cost the latter group an additional sum of money each year paid into the retirement fund under this measure?

Mr. MEAD. No. He certainly will block promotions; but by adding to the years that he will pay into the fund, rather than to the years that he will draw out of the fund, he will make the fund more self-sustaining, he will reduce the cost of the fund so far as the Government is concerned, and the Government will get from the employee his very best years so far as efficiency and capability are concerned.

Mr. DANAHER. Will not all the younger men below the age of 62 who are not yet eligible even for optional retirement have to pay under this bill more into the retirement fund than they are paying now?

Mr. MEAD. No. I should say on the contrary, as a result of this bill, that, while employee's annuity will be raised from 3 1/2 to 5 percent of his basic salary, the younger men will have the older men paying into the fund which the younger men some day will enjoy, whereas as if the older men stepped out they would be drawing benefits which only the younger men would pay.

Mr. DANAHER. I thank the Senator. Mr. WHITE. Mr. President, will the Senator yield?

Mr. MEAD. I shall be glad to yield to my distinguished colleague, whose interest in the civil service has always been exemplary.

Mr. WHITE. I am very glad I interrupted the Senator. What I wanted to find out was the application of this proposed legislation to the employees of the House and Senate. Are all employees of the House and Senate who meet the age requirements and the specified length of service covered by the bill?

Mr. MEAD. All of them.

Mr. WHITE. Specifically, my interest is in the person who I think is called the indexer of the CONGRESSIONAL RECORD, who has been employed, I think, for more than 50 years. I wondered whether the benefits of this bill would reach him.

Mr. MEAD. They will reach him. Such persons may elect, even under present law, to join the retirement. It does cover him.

Mr. President, may the amendment be adopted?

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 4, beginning in line 24.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment reported by the committee will be stated.

The CHIEF CLERK. In section 3, page 5, line 19, after the word "said", it is proposed to strike out "governments, nor to

any elective officer until such officer gives notice in writing to the Civil Service Commission of his or her desire to come within the purview of this act. Said notice must be given in the case of any such person in the legislative branch of the Government on the effective date of this date of this act, within 6 months from such effective date, and in the case of any such person elected and serving after the effective date of this act, within 6 months from the taking of the oath of office", and to insert "governments: Provided further, That this act shall not apply to any elective officer or to any officer or employee in the legislative branch of the Government within the classes of officers and employees which were made eligible for the benefits of this act by the act of July 13, 1937, until he gives notice in writing to the disbursing officer by whom his salary is paid of his desire to come within the purview of this act. In the case of any elective officer serving in the legislative branch of the Government on the effective date of this act and in the case of any officer or employee in the service of the legislative branch of the Government on the effective date of this act, such notice must be given within 6 months after such effective date. In the case of any elective officer elected to and serving in the legislative branch of the Government after such effective date, such notice must be given within 6 months after the taking of the oath of office; and, in the case of any officer or employee of the legislative branch of the Government who enters the service after such effective date, such notice must be given within 6 months after the date of entrance to the service. No provision of this or any other act relating to automatic separation from the service shall have any application whatever to any elective officer."

Mr. MEAD. Mr. President, I offer an amendment to the amendment, on page 6, line 14, and I should like to have it stated and adopted.

The PRESIDING OFFICER. The clerk will state the proposed amendment to the committee amendment.

The CHIEF CLERK. On page 6, line 14, it is proposed to strike out "6 months after such effective date" and to insert in lieu thereof "the calendar year of 1942."

Mr. MEAD. I ask that that be made a part of the amendment just read at the desk.

Mr. GEORGE. Mr. President, to the particular part of the bill now under discussion I had offered an amendment, which has been printed, but if the modification suggested by the Senator from New York should be made, then the amendment I previously offered to this part of the bill would be withdrawn.

Mr. MEAD. My amendment covers the amendment which the Senator from Georgia has presented. I ask that the amendment of the committee be amended as I have suggested.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. MCKELLAR. Mr. President, I call the Senator's attention to page 6, line 9, where it is desired that the period after "Act" be changed to a semicolon, followed by the words "and any such officer or employee may, within 60 days after the effective date of this subsection, withdraw from the purview of this act by giving similar notice of such desire." Has the Senator from New York any objection to an amendment of that kind?

Mr. MEAD. Offhand, and at first blush, I should not have objection, but I do not know what the effect of the amendment would be, and I should like to take it up with my colleagues before accepting it.

Mr. BYRD. Will not the Senator from Tennessee explain the amendment?

Mr. MCKELLAR. It is to take care of an employee whom we all know, Mr. Wold, who would like to have the privilege of withdrawing.

Mr. MEAD. Withdrawing from the provisions of the act?

Mr. MCKELLAR. Yes. I ask the Senator from New York to take the amendment to conference.

Mr. MEAD. I do not know whether it would have a disastrous effect on the bill or not. The Senator from Virginia [Mr. BYRD] has an amendment to offer to the provision now before the Senate, and I think we should have a little time to discuss and consider the amendment offered by the Senator from Tennessee.

Mr. MCKELLAR. I am willing to have that done.

Mr. BYRD. Mr. President, I offer an amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. In the committee amendment, on page 6, line 24, after the word "officer" it is proposed to insert the following:

“Annuity shall be paid any elective officer unless he shall deposit the applicable percentage deduction with interest covering service for at least 5 years next preceding the effective date of retirement: *Provided*, That if deposits are not made for the entire period of the service of such elective officer, said annuity shall be based only on the period of service for which deposits are made, and on any period of service prior to August 1, 1920: *Provided further*, That deposits of such applicable percentage deductions may be made in installments as fixed by the Civil Service Commission.

Mr. BYRD. Mr. President, the purpose of the amendment is to place the elective officers of the Government, who are for the first time being taken in under the Retirement Act, on the same basis with those in the civil service who have been paying into the retirement fund for many years. The Senator from New York [Mr. MEAD], the Senator from Ohio [Mr. BURTON], and I were on a subcommittee which considered the proposed legislation, and this amendment is presented to the Senate with the approval of the subcommittee.

Mr. MCKELLAR. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. MCKELLAR. When the Retirement Act was passed in 1920, were not

the elder employees taken in without paying any amount for previous service?

Mr. BYRD. I think so.

Mr. MCKELLAR. After having taken care of the older employees at the beginning of the retirement system, would it not be unfair to require now that the older employees who would come in under the pending bill should not have the benefit of the act until they made back payments?

Mr. BYRD. The amendment applies only to elective officials. It applies to Members of the House of Representatives and of the Senate, to the President of the United States and the Vice President. I think it is a very different proposition when we are confronted by a proposal to vote what are in effect pensions to ourselves.

I call the attention of the Senator from Tennessee to the fact that if a Representative or Senator came into Congress on March 4, 1907, under the bill as it is now written that Representative or Senator could pay into the fund \$200, and if he retires on January 1, 1943, if he has served 5 years, and if he is 62 years of age, he will receive \$4,175.44 a year as long as he lives, without making any further payments.

Mr. MCKELLAR. I may say to the Senator, before discussing the amendment, that it is my present intention to vote against the bill. However, when we started the retirement system for civil-service employees, just as we are asked to start it now for the legislative branch, we took in the older employees, and we did not require that they make back payments in order to get the advantage of the law, although some of them would receive payments comparable to those which the Senator now says Senators and Representatives would receive. I do not believe in the system of pensioning legislative officers, and I expect to vote against the bill; but if we are to do it, we should be fair to them, and not treat them in a way different from that in which we treated the civil-service employees when the system was originally established. In other words, we should apply the same rule. We are asked to start a system of retiring legislative officials, and we should treat them just as we treated the civil-service employees in 1920, when we started the retirement system.

Mr. BYRD. Then the Representatives and Senators should have been included in the retirement system in 1920. They were not included, and under the provision before us as it now stands a Senator or Representative who came into office in 1907 could, as I have stated, draw \$4,175.44 a year for life by the payment of \$200, merely the first payment for this year. That figure of \$200 is arrived at on the consideration that one is given 6 months to exercise his option, then he has to pay only 5 percent of the balance of his salary for the rest of this calendar year, which would be approximately \$200.

Mr. BURTON. Will the Senator yield?

Mr. BYRD. I yield.

Mr. BURTON. Responding particularly to the question propounded by the

Senator from Tennessee [Mr. MCKELLAR], as to placing Members of Congress on precisely the same basis with other officials of the Government, I will say the amendment does precisely that, by providing that payment by elective officers shall not be made prior to the 1920 date. That puts them on exactly the same basis as the civil-service employees.

Mr. BYRD. Mr. President, under the bill as it now stands a Representative or a Senator who came into office in 1915, by paying \$200 and retiring on January 1, after having served 5 years and being 62 years of age, would draw \$3,139 a year for life.

Mr. President, all my amendment does is to put the Representatives and the Senators, the elective officers themselves who appropriate the money, on the same basis as those who are in the civil service and who have been paying into the retirement fund all through the years.

I am not opposed to a proper and sound retirement plan. I am in favor of the bill, with the exception I have stated. I think the Congress of the United States would place itself in a very unfortunate position if at this time, when the country is in the perilous condition which now confronts it, we were to vote ourselves what is the equivalent of substantial pensions by the payment simply of one single payment for the balance of this year, approximately \$200, assuming, of course, that the Representative or Senator retires on the 1st of next January. I hope my amendment will be adopted. It has the approval of the subcommittee and of the Senator from New York [Mr. MEAD] and the Senator from Ohio [Mr. BURTON].

Mr. MEAD. Mr. President, the conference which was referred to by the distinguished Senator from Virginia [Mr. BYRD], and in which I was a participant, considered the amendment and approved it. I wish to say for the RECORD that we have a retirement system in my State of New York. It has been of long standing. Its actuarial soundness is exemplary, and is studied by those interested in retirement systems all over the Nation. I do not feel that I am in a position to participate in the proposed retirement system because I am already in one. Therefore, I can speak as a disinterested party.

Mr. President, I wish to say that by this amendment—and I think this statement ought to go into the RECORD and into the press—we are penalizing Members of Congress as no other group covered by retirement privileges in this bill or by any other retirement system that I know of, has ever been penalized. The day the Retirement Act went into effect—and I was a Member of the House at the time and interested in its passage—6,000 persons went on full retirement. When amendments to the Retirement Act covering other groups of civil-service employees became effective, every individual in those particular groups was entitled to the full benefits of the law.

I wish to mention another thing for the RECORD. The day this bill goes into effect, covering as it does some 535 Members of the House and Senate, and Delegates, if we should all elect to join we

will pay into that fund \$267,000 annually. If 2 Members, participant in the fund, should decide to retire within the next year, there would be a charge of only seven or eight thousand dollars made against the \$267,000 we would pay into the fund.

Mr. President, that is an illustration of the actuarial soundness of a system by which all groups, when covered in, receive 100-percent benefits the first day. It is a case of the young in the service carrying the load for the old and the veterans. It is a case of rewarding with our own contributions men whose services in the legislative body, and in every other department of the Government, have been exemplary and are appreciated.

Mr. President, we, by our collective contributions, which are actuarially sound, as the figures are given to us by the actuaries, would pay into the fund 5 percent of our salaries, thereby making the system capable of carrying the load which some day we may place upon it. We would pay in an amount of money which likewise would be sufficient to take care of the older legislators who may retire within the next few years.

While the amendment offered by the Senator from Virginia [Mr. BYRD] was agreed upon by the subcommittee mentioned by the Senator, I want the RECORD to note that, so far as I know, we are the only group covered by any retirement system which is penalized by being called upon to go away back to the very beginning of each individual's service, or to the time of the application of the act, whichever, by reason of length of service, we may choose to do, and to pay the sum represented by the time in question.

Mr. President, there are officials in the executive branch who receive more pay than we in Congress receive, who will be able to retire on the day after the bill is passed, without making any contribution of note to the fund, and yet when you or I retire, if we want to participate in the benefits of the retirement fund, we will receive the full impact of the provisions of the Senator's amendment, and will have to reach down into our pockets and make substantial contributions. High-ranking officials in the Army and Navy will be able to retire, as they have been in the past, without paying one cent into any retirement system. That applies to the Public Health Service and to the Coast and Geodetic Survey, but it will not apply to us.

Mr. MCKELLAR. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. MCKELLAR. If officers of the classes mentioned by the Senator, in the Army and in the Navy, and high executive officials in various departments, judges of the Supreme Court, and other officials, can be retired without making up back payments for a considerable time, why cannot Members of Congress? Why should we make a distinction between such officials and Members of Congress? It seems to me the law ought to apply to all alike.

Mr. MEAD. Mr. President, I will say to my distinguished colleague that the

provision carried in the amendment of the Senator from Virginia was not contemplated in the bill approved by the House committee, it was not in the bill which received House approval, but it was considered to be exemplary, and as I said before, the subcommittee agreed to it.

Mr. MCKELLAR. As I understand the Senator from New York himself opposes it, and I think very wisely opposes it, and I am glad to hear his opposition expressed. I think the argument the Senator from New York makes is correct. If we are going to establish a retirement system, I cannot see why we should discriminate against the legislative body while we make it very easy for other departments of the Government.

Mr. MEAD. I will say to the Senator from Tennessee that I feel we ought not to delay the passage of this bill 1 day. The bill is so vitally important from the standpoint of the departments of Government, as a means for the retention of efficient employees in the service, and it is so just actuarially as it applies to the departments of Government, that I do not want to delay its passage 1 day, but I believe, and I wanted to make the statement for the RECORD, that we are discriminating, as the Senator from Tennessee points out, against the legislative branch, and against no other group in the Federal service.

Mr. BYRD. Mr. President, I think the Senator from New York should make it clear that every employee of the Government under civil service has been required to make these payments since the establishment of the retirement plan.

The Senator's reference to Army and Navy officers has no significance, because they are not under the retirement system. All the Senator from Virginia is asking is that the elective officers of the Government, those who vote the funds, should be placed on an equality with the civil-service employees who have been making payments regularly. There is no injustice in that proposal.

Mr. MEAD. The Senator is both right and wrong. When the retirement legislation was enacted in 1920 I said that every employee covered by it, without paying anything back, received the full benefits of the retirement law; and 6,000 of them participated in those benefits on the very first day.

Mr. BYRD. Does the Senator from New York think it is a matter of good public policy for Senators and Representatives to vote themselves a pension, which could be as much as \$4,000 a year, upon the payment of \$200? Is that a matter of good public policy?

Mr. MEAD. I think it is good public policy for the legislative branch to enact, on the advice and counsel of the actuarial experts of the retirement system, an actuarially justifiable retirement system.

Mr. BYRD. Did the Civil Service Commission recommend that the elective officers of the Government be placed under the retirement fund?

Mr. MEAD. The Civil Service Commission recommended, as it recommended in connection with the House bill and with every preceding amendment to the bill

which went into effect, that assessments be sufficiently high to take care of all employees in a given group from the very first day the law went into effect.

Mr. BYRD. Does not the Senator think that if the elective officers should be placed under the bill they should have been placed under it in 1920? It is proposed to give them the benefit of the act for the past 20 years without requiring them to make any payments, practically putting them on an equality with the civil-service employees who have made the payments.

Mr. MEAD. In 1920 we gave the applicant who retired, even though he retired the day after the law went into effect, the full and complete maximum benefits of the Retirement Act, just as though he had worked for the Government for 50 years.

Mr. BYRD. Does the Senator see no distinction between Senators voting for benefits for themselves and voting for benefits for other employees of the Government?

Mr. MEAD. I am very much opposed to a Member of Congress voting for a pension for himself. I am in favor of Members of Congress diligently looking into the question, provided that whatever bill is passed for a retirement system—not a pension system—be actuarially sound, and that the contributions be high enough. I should make them 10 percent, if that were necessary to make the system actuarially sound.

Mr. MCKELLAR. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. MCKELLAR. Let me say to my good friend from Virginia that my views with regard to pensioning members of the legislative branch of the Government are quite similar to his. Having those views, I do not see how he can do anything else but what I expect to do, and that is to vote against the bill. I do not think they ought to be retired.

Mr. BYRD. The Senator from New York was speaking of a system which is actuarially sound. Does he think it is actuarially sound to pay a pension of \$4,000 a year upon a deposit of \$200? Is that actuarially sound. Cou'd any insurance company in America survive 30 days under such a system?

Mr. MEAD. I know of applicants for insurance who have filled out their applications and sent in their first payments, and within 24 hours have participated in a benefit in excess of \$4,000.

Mr. BYRD. By reason of death.

Mr. MEAD. Mr. President, there is confusion between pensions and retirement, between what is actuarially sound and what is a subsidy. Let me illustrate.

Suppose the 96 Members of the Senate should decide to form a pool with their own personal contributions, the benefits at \$100 a month, to go to any Senator involuntarily separated from the service. That would not be a pension if the Members of the Senate decided to dig down in their own pockets and maintain that little insurance or retirement system for Members of the Senate.

What we are doing collectively, Mr. President, is participating in a system set

up by the Government. We are participating, to the fullest degree recommended by the actuaries, in a system to be initiated with the enactment of the bill, just as the original system was initiated. We are to participate in it to the full extent—and no further—that any member of the Cabinet or the head of any bureau or section of the Government will participate in it. However, the amendment would not permit us to do so. It would require us to do something we do not require from any other participants. It would require each Member of the Senate or the House who wishes to enjoy the benefits of the act to pay all the back premiums which would have been required had he joined the fund when he became a Member of the Senate or House.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. GEORGE. There seems to be no force whatsoever in the objection raised by my very good friend the distinguished Senator from Virginia. Even applying the ordinary life insurance rule, any man who pays one premium may take a policy for any amount he pleases. He may pay one premium, die within a week, and receive the full amount.

Mr. BYRD. He would not receive it, would he?

Mr. GEORGE. His family would receive it.

Mr. BYRD. He would not receive it. A death is a risk taken by the insurance companies. That is very different from a retirement or annuity plan.

Mr. GEORGE. No. It is not a risk taken by the insurance company. The insurance company sets up a system under which it is possible to write and pay insurance. The Senator from Virginia is taking the most extreme case, that of a Senator who has been here for 30 years, and who, after making a single payment, retires. We might take the most extreme example in the case of life insurance.

Mr. BYRD. Premiums for life insurance are vastly greater than the amounts paid into the annuity or retirement fund under this plan.

Mr. GEORGE. They are different because the system is different; but at an insurable age one can buy a great deal of insurance on an ordinary life basis for \$200. He can buy an amount of insurance greater than the amount anyone would ever receive out of this system after serving 30 years.

Mr. BYRD. This is an annuity. It is not paid in a single sum. A man may live 10 or 20 years longer, and receive \$4,000 a year under the plan.

Mr. GEORGE. That is correct.

Mr. BYRD. The Senator's comparison is not logical. He is comparing an annuity with insurance death benefits. In the case of insurance a single payment is made, but an annuity is paid during the lifetime of the beneficiary.

Mr. GEORGE. I did not say that the comparison was logical. What I am saying is that the insurance system is built up on an actuarial basis, as is the retirement system. The Senator from Virginia is not at all logical. He is decidedly unfair—which is no compliment

to him, because usually he is fair—when he takes the most extreme case, that of a man who has been here 30 years and who pays one payment and then retires.

Mr. BYRD. What does the Senator think would be a reasonable case to take?

Mr. GEORGE. We must consider all cases. We must consider those who have been here for only 1 year as well as those who have been here for 30 years.

Mr. BYRD. Those who have been here for 1 year are not eligible. They are not eligible until they have been here for 5 years. Let us begin with the year 1925, if the Senator thinks I am unfair. Under the terms of the bill, if a man were 62 years old, for a payment of \$200—assuming that he retires on January 1, next—he would receive \$1,800 a year for life. He might live for 20 years longer. He would receive \$36,000 for a payment of \$200.

If the Senator wishes to take another example, let us take the year 1927. In that case, by the payment of \$200 for the remainder of this year, assuming that he retires on the 1st of January, next, the beneficiary would receive \$1,663 a year for life. In the case of the year 1929, he would receive \$1,478 for the payment of \$200; and in the case of the year 1931, he would receive \$1,284.

Mr. GEORGE. I understand, Mr. President; but I am pointing out that the Senator took the most extreme case.

Mr. BYRD. But all that is in proportion, Mr. President, to the length of service; and if it is in proportion it is one-seventieth of the salary of the service.

Mr. GEORGE. What the Senator is now doing is arguing against any retirement system.

Mr. BYRD. The Senator from Georgia either has not paid attention to what the Senator from Virginia said—

Mr. GEORGE. I have paid very strict attention.

Mr. BYRD. Or else I have not been able to make myself clear. What I am arguing for is to have Senators and Representatives who vote appropriations placed on a basis of equality with civil-service employees who have been making payments into the retirement fund for all these years. I say that if Senators and Representatives should have been placed under a retirement system they should have been placed under it in 1920, and not come in at this late hour when they would benefit from the past payments made by others to a fund to which they have not contributed.

Mr. GEORGE. But the retirement system was commenced in 1920 and anyone who fell into the classification was included.

Mr. BYRD. Why were not Senators and Representatives taken in at that time?

Mr. GEORGE. I do not know.

Mr. BYRD. The Senator from Georgia was here at that time, was he not?

Mr. GEORGE. No; I was not here as long ago as that.

Mr. BYRD. What the Senator apparently now favors is the giving to Senators and Representatives practically the same benefits as those received by civil-service employees who have been making pay-

ments all during the years—in other words, to provide that from the salaries they have received in former years Senators and Representatives shall not pay back anything in the way of contributions to the retirement fund.

Mr. GEORGE. We did not require those who were brought in in 1920 to pay back anything; because we were starting the system. From time to time we have placed other persons under the system. In 1937 we did so. We did not require them to make any back payments.

Mr. BYRD. Is there not a difference, however? That was the commencement of the system, or the first part of it.

Mr. GEORGE. Oh, no; in 1937 it had been going on for 17 years.

Mr. BYRD. In 1920?

Mr. GEORGE. In 1937.

Mr. BYRD. I am speaking of 1920.

Mr. GEORGE. I know; but in 1937 we brought in other persons, and we did not require them to make any back payments.

By the bill we simply apply the system to Congress—to the Members of the Senate and of the House.

The argument of the Senator from Virginia is good as against any retirement system. If he entertains that view I thoroughly appreciate the fact. But if we are going to institute a retirement system, it seems to me there is no reason why we cannot apply it to elective officers, even legislative officers.

Mr. BYRD. My amendment, Mr. President, does not exclude elective officers. It simply requires them to make a payment for which they will receive additional benefits.

Mr. GEORGE. Here is what the Senator's amendment does; I will take a personal case: In order for me to pay back to the date when I entered the Senate I should have to pay something in the neighborhood of \$9,000 or a little more.

Mr. BYRD. In what year did the Senator come in?

Mr. GEORGE. In 1922.

Mr. BYRD. Let us take 1921: The Senator would have to pay \$9,600; and for the \$9,600 the Senator would receive \$800 more than he would now receive under the bill. From that date he would receive about 9 percent of the payment. Is that unfair?

Mr. GEORGE. Yes; it is unfair, for this reason: A Member of Congress who has rendered honest service, who has dealt fairly with himself and his country, and who has been here 20 years is not able to pay \$9,000 out of his pocket. He would have to forego every single dollar of benefit under the bill.

Mr. BYRD. If he could not pay it in a lump sum, could he not pay it in installments?

Mr. GEORGE. No; he could not pay it in installments.

Mr. BYRD. He could not pay it in installments out of the annuity itself?

Mr. GEORGE. No; he could not. Because he would not have the money to pay in the first instance.

Mr. BYRD. In this instance the annuity would be \$2,800, out of which he eventually would have to pay \$9,600.

Mr. GEORGE. Yes; but in order to receive the annuity he would have to

leave this body, and he would have to be a certain age. Unfortunately, I can meet the age requirement, because I am beyond 62. But what the Senator is beginning to say is that a man who is now elected to the Senate may, by paying 5 percent per annum, receive both the Government contribution and the benefit of his payment. But Senators who have been here for 15 or 20 years and who did not come here as wealthy men simply could not participate in the insurance. Because even to go back for 5 years, which is the shortest period for which payments may be made, a Member of Congress would have to pay practically \$2,000 in cash, plus 5 percent per annum, and that would exclude many men who have had honorable careers in this body for 20 or 25 years.

Mr. MCKELLAR. Mr. President, will the Senator yield, so that I may ask the Senator from Georgia a question?

Mr. MEAD. Yes; I yield.

Mr. MCKELLAR. My attention has been called to the fact that in 1939 there was another amendment to the Civil Service Act by which fourth-class postmasters were brought into the system.

Mr. MEAD. That is correct.

Mr. MCKELLAR. Those who were about to retire were not required to make back payments; but, on the contrary, as I recall the number, about 3,000 were retired on that very date without ever having to pay anything into the fund. That has been done each time additions to the civil service have been made. Why should we treat all other classes differently, and not require them to make back payments, but requires Senators and Representatives to pay large sums? I think it is unfair. I do not think it is a proper course to take toward one's colleagues.

Mr. BYRD. Was the other plan fair? The Senator does not think that any pension plan is fair. Merely because we make a mistake once we should not make it twice.

Mr. MCKELLAR. This would be the fourth time.

Mr. BYRD. The fifth time.

Mr. MCKELLAR. But it is the same plan we started out with, and I do not think it should be changed as against ourselves.

Mr. GEORGE. Mr. President, will the Senator from New York yield to me again?

Mr. MEAD. I am glad to do so; I yield.

Mr. GEORGE. I think the Senator from Tennessee is quite correct. I can understand that if the view is entertained that a retirement system should not have been adopted at all, of course it should never be applied to a legislative officer. However, I believe that the retirement system is sound. I believe it is sound not only in government, but I think it has been very properly applied from time to time in leading industries of the country. I think it is sound as applied to elective representatives. It seems to me that we should be willing to establish a good system, and, if it is a good system, a sound system, and a proper system, we should apply the same rule to Federal employees, whether they are elective or

appointive, whether they hold office for life, or whether they are elected for stated periods.

I should not quarrel with the Senator from Virginia on the basis of his opposing any retirement system; but I do think that if we establish a system to be applied to the legislative branch it should be one which will not exclude those who are most in need of the benefits of the system.

Mr. LA FOLLETTE. Mr. President, will the Senator yield to me?

Mr. MEAD. I yield.

Mr. LA FOLLETTE. I wish to ask the Senator from Georgia if he knows of a single retirement plan set up for teachers or for other groups of public employees in this country that has not covered on the basis of equality at the time the system was inaugurated those who were already in the service?

Mr. GEORGE. I do not know of any, I will say to the Senator.

Mr. LA FOLLETTE. I do not see how we could start a retirement system unless we called upon the Government or the group inaugurating it to make additional contributions, so to speak, for those who have been in the service and who are in the service at the time the system is inaugurated.

Mr. GEORGE. That is quite true. Not only is that true, but whenever a new group is brought within the system, we should, if we applied the rule that is sought to be established here, put a burden upon the persons who come in under the system—a burden which never has been employed in private industry or by Government, so far as I know.

Mr. LA FOLLETTE. In other words, what the amendment would do, if agreed to, would be to deny to those in the legislative branch of the Government who are proposed to be brought in under the retirement system the opportunity to come into the system and to make contributions from the time they are taken into it out of their salary, without any back payments.

Mr. GEORGE. That is quite true.

Mr. LA FOLLETTE. That choice, that privilege, has been given to every group which has been brought under the system from the time of its inception, including the 40,000 postmasters the Senator from Tennessee mentioned.

On what basis should those who are in the legislative branch of the Government be treated any differently than those who have been brought into the system since 1920 have been treated? It seems to me that it would be absolutely unjust and that it would deny to Senators and Representatives who are most in need of it the opportunity to avail themselves of the retirement proposal. Those who can make contributions to the extent of one-fifth of the amount of their capital assets are not those who would be most likely to be in need of the retirement privilege.

Mr. GEORGE. The Senator is correct. They would probably buy an annuity and take care of themselves on that basis.

Mr. BURTON. Mr. President, will the Senator yield?

Mr. MEAD. I yield to the Senator from Ohio.

Mr. BURTON. May I call the attention of the Senator from Georgia to the

experience along this line of the State of Ohio during the past 2 or 3 years? There had been a retirement system in effect for some time for State employees. By recent enactment it was made compulsory and applied to municipal employees. When it was brought into effect as applying to municipal employees precisely this method was adopted. Municipal employees then in service had not expected to be included when they went into the service and had not been counting on a pension at all; nevertheless, realizing the fairness of doing so, they were put on the same basis as State employees, on condition that they pay the back premiums for such number of years of their service as they desired, back to the date when the State employees began to pay under their act. Therefore the same principle applied here that was applied there. Municipal employees did not have to pay the back premiums unless they wished to, but it was intended to put them on the same basis as State employees and to give them permission to pay as far back as they wished, in order that they might be placed on the same basis as State employees.

Mr. GEORGE. I am not familiar with the law to which the distinguished Senator refers, but that is not the Federal system. That principle has never been applied by the Congress in any retirement act so far as I know.

Mr. MEAD. Mr. President, while this is a marked departure from the legislative enactments of the past, and the retirement practices of the past, in the interest of expedition, I ask for the adoption of the committee amendment, as amended, and with the addition of the amendment submitted by the Senator from Virginia [Mr. BYRD].

Mr. MCKELLAR. Mr. President, I hope the amendment offered by the Senator from Virginia will not be adopted. It ought not to be adopted. We ought not to take a different position with ourselves than that which we take as to the employees of the Government. As we have been fair to them, we ought, in passing the bill, to be fair to ourselves. I expect to vote against the bill in its entirety, but however that may be, if we are to pass such a measure we ought to pass a fair one and not one that will be different from the bills which have been passed for the other employees of the Government.

SEVERAL SENATORS. Question!

The PRESIDING OFFICER. The question is on the adoption of the amendment offered by the Senator from Virginia [Mr. BYRD] to the amendment reported by the committee, as amended.

Mr. BYRD. I ask for the yeas and nays.

The PRESIDING OFFICER. Is the demand seconded,

Mr. BYRD. I make the point of no quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Brown	Caraway
Austin	Bunker	Chandler
Bankhead	Burton	Chavez
Bilbo	Butler	Danaher
Bone	Byrd	Davis
Brewster	Capper	Doxey

Ellender	Lucas	Russell
George	McCarren	Shipstead
Gerry	McFarland	Smathers
Green	McKelar	Smith
Guffey	Maloney	Stewart
Gurney	Maybank	Taft
Hayden	Mead	Thomas, Utah
Hill	Millikin	Truman
Holman	Murray	Tunnell
Hughes	Norris	Vandenberg
Johnson, Colo.	Nye	Wallgren
Kilgore	Pepper	Wheeler
La Follette	Radcliffe	White
Lee	Reynolds	Wiley
Lodge	Rosier	Willis

The PRESIDING OFFICER. Sixty-three Senators have answered to their names. A quorum is present.

Mr. LUCAS. Mr. President, I was unavoidably detained from the Senate when this bill was debated in the early part of the afternoon. I wish to inquire from the able Senator from Virginia [Mr. BYRD] just what his amendment does. I do not want any long discussion of it, but I should like to have a brief explanation of the amendment.

Mr. BYRD. Mr. President, the amendment offered by the Senator from Virginia requires the elective officers of the Government, the President and Vice President, Senators, and Representatives to make certain back payments that are on a comparative basis to the payments that have always been made by employees under the civil service in order to obtain retirement benefits. I will say to the Senator from Illinois that these payments are not at all excessive. The provisions of the amendment are very liberal. By reason of making the payments, the Members of the House and Senate will receive additional compensation, more than they would receive under the bill as it now stands.

As the bill now stands, it would permit any Senator, for example who has served 5 years, to pay \$200 for this calendar year, and receive a large annuity as long as he lives in proportion to his service, when he is 62 years of age.

Mr. LUCAS. May I inquire from the Senator what is the retroactive date of his amendment when Senators would be required to start payments? In other words, how far back from the present date does the Senator's amendment go?

Mr. BYRD. It requires 5 years' payments as a minimum. Of course, the bill itself provides that no one is eligible until he has served for 5 years.

Mr. LUCAS. How much money payment would that entail?

Mr. BYRD. \$500 a year.

Mr. LUCAS. For how many years?

Mr. BYRD. The minimum is 5 years. It all depends upon how long he has served. I have here a table of the various figures, and if the Senator will give me any particular date I will tell him what the table shows.

Mr. LUCAS. Assuming that it was necessary to go back 10 years, how much would it cost?

Mr. BYRD. Take, for example, the year 1923: There would be a payment of \$8,847, and the annuity would be \$2,821 a year. That payment could be made in installments, in accordance with the provisions of the Civil Service Commission.

Mr. LUCAS. This money would come directly out of the pockets of the individual Senator, depending upon the

length of time he had served? Is that correct?

Mr. BYRD. No; it would come out of the retirement fund, which is a Government fund.

Mr. LUCAS. Who is to pay this money under the Senator's amendment, or even under the original bill?

Mr. BYRD. The United States Government is to pay it.

Mr. LUCAS. Is the Government to pay a Senator money in the way of a pension or a bounty for service here?

Mr. BYRD. This bill is based on the Retirement Act of 1920, which is supposed to be on a 50-50 basis—50 percent to be paid by the beneficiary and 50 percent by the Government. This bill for the first time takes in Senators and Representatives; but, under the bill as it now stands, Senators and Representatives are not required to make back payments. For example, a Representative or a Senator could pay \$200, and if he were 62 years of age, and if he had served since March 4, 1907, the benefits he would receive would be \$4,175 a year as long as he lived. I use that figure because it is the first figure given me by the Civil Service Commission; and the figures go down to the present day. I can give the Senator the figures for any date as to the benefits that would be received. I will say to the Senator from Illinois that my amendment merely requires that the members of the elective branch of the Government, those who are voting these appropriations, shall be required to make reasonable back payments in accordance with what has already been paid through the years by civil-service employees.

Mr. LUCAS. In other words, the Senator attempts to place Members of Congress on the same basis as the civil-service employee who has been making these payments all these years?

Mr. BYRD. That is exactly correct.

Mr. LUCAS. If I understand the matter correctly from the Senator's previous answer, a Government employee, or a Member of Congress if this bill becomes a law, will pay into the retirement fund 50 percent of the money involved, and the other 50 percent will be paid by the Government?

Mr. BYRD. I say to the Senator that that is the basis of the bill. The beneficiary does not necessarily pay that amount. He is limited to 5 percent a year of his salary.

Mr. LUCAS. I may not have made myself clear. I want to get definitely in my mind just how much the Government is to pay under the bill itself to a Senator after he retires, or what the Senator has to pay, together with the Government, during his service here.

Mr. BYRD. The Senator will have to give me some date.

Mr. LUCAS. Take my own case. I came here on January 3, 1939.

Mr. BYRD. The Senator from Illinois would not be eligible until he had been here 5 years.

Mr. LUCAS. I would not have to pay anything, then, because I would not be eligible?

Mr. BYRD. If the Senator had been here 5 years, he would pay, under my

amendment, \$1,951, and receive \$857 a year.

Mr. LUCAS. I would pay \$1,951?

Mr. BYRD. One thousand nine hundred and fifty-one dollars.

Mr. LUCAS. What would the Government pay in addition to the \$1,951?

Mr. BYRD. That is a very complicated question. The whole basis of the bill, as I understand, is a 50-50 basis. The Government puts up 50 percent and the contributions by employees of the Government are supposed to aggregate 50 percent.

Mr. LUCAS. If the Government of the United States is paying anything toward the retirement fund of a United States Senator, I cannot support the bill.

Mr. BYRD. I will say that it is doing so in this instance. I think the total appropriation is around \$100,000,000 yearly.

All I am asking in regard to this amendment is a yea-and-nay vote upon it. I ask the Senate to do me the courtesy of having a yea-and-nay vote.

The PRESIDING OFFICER. Is the demand for the yeas and nays seconded?

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Virginia [Mr. BYRD] to the amendment reported by the committee.

Mr. BYRD's amendment was, on page 6, line 24, after the word "officer", to insert "No annuity shall be paid any elective officer unless he shall deposit the applicable percentage deduction with interest covering service for at least 5 years next preceding the effective date of retirement: *Provided*, That if deposits are not made for the entire period of the service of such elective officer, said annuity shall be based only on the period of service for which deposits are made, and on any period of service prior to August 1, 1920: *Provided further*, That deposits of such applicable percentage deductions may be made in installments as fixed by the Civil Service Commission."

The PRESIDING OFFICER. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. HILL. I announce that the Senator from New Mexico [Mr. HATCH] and the Senator from Louisiana [Mr. OVERTON] are absent from the Senate because of illness.

The Senator from Florida [Mr. ANDREWS], the Senator from North Carolina [Mr. BAILEY], the Senator from Kentucky [Mr. BARKLEY], the Senator from South Dakota [Mr. BULOW], the Senator from Idaho [Mr. CLARK], the Senator from Missouri [Mr. CLARK], the Senator from Texas [Mr. CONNALLY], the Senator from California [Mr. DOWNEY], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. MURDOCK], the Senator from Wyoming [Mr. SCHWARTZ], the Senator

ator from Arkansas [Mr. SPENCER], the Senator from Indiana [Mr. VAN NUYS], the Senator from New York [Mr. WAGNER], and the Senator from Massachusetts [Mr. WALSH] are necessarily absent.

The Senators from Iowa [Mr. GILLETTE] and Mr. HERRING, the Senator from Texas [Mr. O'DANIEL], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Maryland [Mr. TYDINGS] are detained in various Government departments on business pertaining to their respective States.

On this question the Senator from Kentucky [Mr. BARKLEY] has a pair with the Senator from Oregon [Mr. McNARY]. I am not advised how either Senator would vote if present and voting.

Mr. AUSTIN. The Senator from New Hampshire [Mr. BRIDGES] is absent in a hospital because of a recent hip injury.

The Senator from New Jersey [Mr. BARBOUR], the Senator from Illinois [Mr. BROOKS], and the Senator from New Hampshire [Mr. TOBEY] are absent on official business.

The Senator from Oregon [Mr. McNARY] is unavoidably detained on public business.

The Senator from Minnesota [Mr. BALL] is absent because of illness.

The result was announced—yeas 28, nays 34, as follows:

YEAS—28

Austin	Davis	Mead
Brewster	Ellender	Millikin
Brown	Gerry	Norris
Burton	Green	Radcliffe
Butler	Gurney	Taft
Byrd	Hayden	Vandenberg
Capper	Johnson, Colo.	Wiley
Chandler	Lodge	Willis
Chavez	Lucas	
Danaher	Maybank	

NAYS—34

Aiken	Kilgore	Russell
Bankhead	La Follette	Shipstead
Bilbo	Lee	Smathers
Bone	McCarran	Smith
Bunker	McFarland	Stewart
Caraway	McKellar	Truman
Doxey	Maloney	Tunnell
George	Murray	Wallgren
Gufey	Nye	Wheeler
Hill	Pepper	White
Holman	Reynolds	
Hughes	Rosier	

NOT VOTING—34

Andrews	Gillette	Schwartz
Bailey	Glass	Thomas, Idaho
Ball	Hatch	Spencer
Barbour	Herring	Thomas, Utah
Barkley	Johnson, Calif.	Thomas, Okla.
Bridges	Langer	Tobey
Brooks	McNary	Tydings
Bulow	Murdock	Van Nuys
Clark, Idaho	O'Daniel	Wagner
Clark, Mo.	O'Mahoney	Walsh
Connally	Overton	
Downey	Reed	

So Mr. BYRD's amendment to the amendment of the committee as amended was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee as amended.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The next committee amendment will be stated.

The LEGISLATIVE CLERK. On page 7, line 2, after the words "in the", it is proposed by the committee to insert the words "executive branch of the", so as to make the subsection read:

"(b) The President shall have power, in his discretion, to exclude from the operation of this act any officer or employee or group of officers or employees in the executive branch of the service whose tenure of office or employment is intermittent or of uncertain duration."

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments. The bill is open to further amendment.

Mr. MCKELLAR. Mr. President, I believe my amendment has already been stated, but I ask that it be stated again.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 6, line 9, after the word "Act", it is proposed to strike out the period and to insert a semicolon and the following: "and any such officer or employee may, within 60 days after the effective date of this subsection, withdraw from the purview of this act by giving similar notice of such desire."

The PRESIDING OFFICER. Without objection, the committee amendment on page 6, beginning in line 2, will be reconsidered.

Mr. MEAD. Mr. President, I have not had opportunity to consider this amendment. In view of the fact that it is general legislation and will permit any employee to enjoy its provisions, it occurs to me that it should not be adopted. Under existing law, if a person is in the retirement fund, he can retire and be reinstated in the service the same day, and then he would not have to pay any more into the retirement fund, and he could remain in the service so long as he wanted to. In other words, there is ample provision now for the individual to retire, be reinstated, and freeze his retirement pay. If the proposed provision is written into the law I am told it will be general in its application.

Mr. MCKELLAR. Mr. President, Mr. Wold is clerk to the Joint Committee on Printing, and as an employee of that committee he has been paying into the retirement fund for a number of years. All the amendment does is to permit Mr. Wold to withdraw from the retirement fund if he sees fit to do so. It seems to me the committee could take the matter to conference, at any rate, and iron it out there.

Mr. MEAD. Mr. President, the provision is general in its application, and under existing law an employee can take his retirement and be reinstated the same day and then his retirement remains static until such time as he re-retires, and he will not have to pay anything into the fund.

Mr. MCKELLAR. Mr. Wold desires to withdraw from the retirement fund in which he now is and take such course as he sees fit. It seems to me we should give him the privilege of doing so without forcing him to make a choice in the matter.

Mr. HAYDEN. Mr. President, it is only a matter of providing a statute law for 60 days, the way the amendment reads. I hope the Senator will permit the provision to be taken to conference.

Mr. MEAD. It was hoped we would not have to take the bill to conference.

Mr. HAYDEN. But the provision will remain in effect only for 60 days after the measure is acted upon.

Mr. MCKELLAR. Mr. President, the provision gives Mr. Wold something he ought to have. He has been a faithful servant of the Government. He occupies a position with the Joint Committee on Printing, of which the Senator from Arizona [Mr. HAYDEN] is chairman. It seems to me this privilege should be extended to Mr. Wold under the circumstances.

Mr. MEAD. Of course, the Senator understands that Mr. Wold can take his retirement now, and he could be reappointed. Then he could go back into the service and would not have to pay anything more into the retirement fund, and he could apply for retirement at any time in the future he wanted to. That is his privilege now.

Mr. HAYDEN. But he would have to retire from service.

Mr. MEAD. And then he could be brought right back into it the same day.

Mr. HAYDEN. Why not let him get out of the fund if he wants to? I do not see a particle of difference.

Mr. MEAD. That is perfectly satisfactory to me, but by taking this action we open the field to all civil-service employees.

Mr. HAYDEN. The application of the provision is limited to 60 days.

Mr. MEAD. Yes, but it is open to all others for the same period of 60 days.

Mr. HAYDEN. Yes.

Mr. MCKELLAR. I suggest the Senator take the matter to conference.

Mr. MEAD. Mr. President, after consultation with members of the committee I will accept the amendment, and take it to conference.

Mr. MCKELLAR. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee [Mr. MCKELLAR] to the committee amendment.

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

Mr. GEORGE. Mr. President, I desire to offer two amendments. The first amendment relates merely to the effective date of the measure. I have discussed the measure with some persons who will have connection with its administration, and it is thought that July 1 would be an appropriate effective date. The bill, as reported, provides for the effective date as of January 1, 1942. That date has already passed, and, of course, the bill would have to be amended in that respect. I suggest that the effective date be fixed as of July 1. If that date be fixed it will be necessary to make a corresponding change in line 16.

Mr. MEAD. Mr. President, I will say that that amendment is acceptable to the committee.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 9, in lines 11 and 13, it is proposed to strike out "January 1, 1942" and to insert "July 1, 1942."

On page 9, in line 16, it is proposed to strike out "December 31, 1941" and to insert "June 30, 1942."

The PRESIDING OFFICER. Without objection, the amendment proposed by the Senator from Georgia is agreed to.

Mr. GEORGE. Mr. President, I have a second amendment, to make inapplicable the provisions of the act to employees of the Senate or the House of Representatives whose employment is purely temporary, or of uncertain duration, and it also authorizes the Architect of the Capitol to exclude from the operation of this act any employees under the Office of the Architect of the Capitol whose tenure of employment is temporary or of uncertain duration. The same rule is applied to temporary employees in the executive branch. The amendment applies to those who are temporarily employed from time to time in order to meet certain situations which arise and whose terms of employment are intermittent. It applies the same principle to the employees in the legislative branch that is already applied in the executive branch.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 7, after line 4, it is proposed to insert the following:

(c) The provisions of this act shall not apply to employees of the Senate or the House of Representatives whose employment is temporary or of uncertain duration; and the Architect of the Capitol is authorized to exclude from the operation of this act any employees under the Office of the Architect of the Capitol whose tenure of employment is temporary or of uncertain duration.

Mr. MEAD. That amendment is acceptable to the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. GEORGE].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MCKELLAR. Mr. President, I desire to give as a further reason for voting against the bill that I do not think legislative officers ought to be retired.

Mr. MEAD. I wish again to make the statement that, while I voted in favor of the amendment submitted by my distinguished colleague the Senator from Virginia [Mr. BYRD], I did so as a member of the subcommittee which considered that proposal. The subcommittee agreed to the amendment, and as a member of the subcommittee I agreed to bring it to the floor of the Senate.

I am pleased with the action taken by the Senate. I wish to make clear that in the development of the retirement system, the coverage of new groups began coincidentally with the enactment of the law, and the coverage of the new groups was based actuarially on the assessments levied against those covered by the law. I think it is a good bill, and I think it will improve the retirement service generally.

Mr. BYRD. Mr. President, I simply wish to make a statement in regard to the action taken by the subcommittee. This is the first information I have had that the Senator from New York was opposed to the amendment suggested by the Sen-

ator from Virginia. To the contrary, he undertook to have the amendment written. During the past few days I have been absent from the city. He prepared an amendment and submitted it to the Senator from Ohio and myself. If he was opposed to the amendment he did not indicate his opposition at the meeting of the subcommittee. I will ask the Senator from Ohio if that is not his recollection.

Mr. MEAD. Mr. President, I think the Senator from Virginia will agree that the arguments which I advanced from the beginning to the end of that conference, in which I mentioned the names of Senators and the debt the country and the Senate owed to those Members, and the fact that this was a deviation from the original coverage of the law, indicated my opposition to the amendment. The bill was reported by a very close vote. I wanted it expedited. I agreed to the Senator's amendment only because I thought it was the proper thing to do under the circumstances.

Nevertheless, Mr. President, while I was outvoted in the subcommittee, those two members of the subcommittee asked me to confer with them. They told me their attitude, and I agreed, in order to expedite the passage of the bill, to have their amendment printed and referred to the retirement system, and to have the figures necessary for this discussion available. Nevertheless, as I pointed out when we met, I thought that the amendment was unfair to certain Members of the Senate who will be forced to retire in the immediate future. If they want to enjoy a pension, they will be forced to pay large sums of money in back assessments. In my opposition to the proposal I mentioned specifically two Members of the Senate, but I kept my word and voted for the amendment.

Mr. NORRIS. Mr. President, I have always felt favorable to a retirement bill. I feel that way now. I have always believed in the extension of the civil service as far as possible. Nevertheless, it seems to me that as the bill now stands it has in it an injustice favorable to ourselves.

The so-called Byrd amendment provided that Members of the House and the Senate who desired to take advantage of the retirement benefits might do so by paying what they would have paid if the provision had been law during the past years and retire at once. It seems to me that that is fair and just. The Senate voted down the Byrd amendment.

As the bill now stands, as I understand, without the payment of the percentages we should have been required to pay during past years if the law had been on the statute books during those years, we can get the same retirement benefit as though we had paid those sums. It does not seem to me that that is fair. I do not believe it is just. When we are voting retirement for ourselves, as compared with voting retirement for somebody else, I think we ought to look at the question a little differently. For that reason, and in view of the possibility that there may not be a yea-and-nay vote on the passage of the bill, I wish the RECORD to show that under the circumstances I feel impelled to vote against the passage of the bill.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. BYRD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the junior Senator from Arkansas [Mr. SPENCER] and will vote. I vote "yea."

The roll call was concluded.

Mr. HILL. I announce that the Senator from New Mexico [Mr. HATCH] and the Senator from Louisiana [Mr. OVERTON] are absent from the Senate because of illness.

The Senator from Florida [Mr. ANDREWS], the Senator from North Carolina [Mr. BAILEY], the Senator from Kentucky [Mr. BARKLEY], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CLARK], the Senator from Missouri [Mr. CLARK], the Senator from California [Mr. DOWNEY], the Senator from Virginia [Mr. GLASS], the Senator from Nevada [Mr. McCARRAN], the Senator from Utah [Mr. MURDOCK], the Senator from Wyoming [Mr. SCHWARTZ], the Senator from Arkansas [Mr. SPENCER], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Massachusetts [Mr. WALSH] are necessarily absent.

The Senator from Iowa [Mr. HERRING], the Senator from Texas [Mr. O'DANIEL], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Oklahoma [Mr. THOMAS] are detained in Government departments on business pertaining to their respective States.

On this question, the Senator from Kentucky [Mr. BARKLEY] has a pair with the Senator from Oregon [Mr. McNARY]. I am not advised how either Senator would vote if present and voting.

Mr. AUSTIN. The Senator from New Hampshire [Mr. BRIDGES] is absent in a hospital because of a recent hip injury.

The Senator from New Jersey [Mr. BARBOUR] and the Senator from Illinois [Mr. BROOKS] are absent on official business.

The Senator from Oregon [Mr. McNARY] is unavoidably detained on public business.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business. If present, he would vote "yea."

The Senator from Minnesota [Mr. BALL] is absent because of illness.

The result was announced—yeas 42, nays 24, as follows:

YEAS—42

Aiken	Bulow	George
Austin	Bunker	Gillette
Bankhead	Capper	Guffey
Bilbo	Caraway	Hayden
Bone	Davis	Hill
Brown	Doxey	Holman

Hughes	Nye	Stewart
Kilgore	Pepper	Thomas, Utah
La Follette	Reynolds	Truman
Lee	Rosier	Tunnell
McFarland	Russell	Wagner
Maloney	Shipstead	Wallgren
Mead	Smathers	Wheeler
Murray	Smith	White

NAYS—24

Brewster	Gerry	Millikin
Burton	Green	Norris
Butler	Gurney	Radcliffe
Byrd	Johnson, Colo.	Taft
Chandler	Lodge	Tydings
Connally	Lucas	Vandenberg
Danaher	McKellar	Wiley
Ellender	Maybank	Willis

NOT VOTING—30

Andrews	Downey	O'Mahoney
Bailey	Glass	Overton
Ball	Hatch	Reed
Barbour	Herring	Schwartz
Barkley	Johnson, Calif.	Spencer
Bridges	Langer	Thomas, Idaho
Brooks	McCarran	Thomas, Okla.
Chavez	McNary	Tobey
Clark, Idaho	Murdock	Van Nuys
Clark, Mo.	O'Daniel	Walsh

So the bill (H. R. 3487) was passed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Swanson, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1936) to provide protection of persons and property from bombing attacks in the United States, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1677. An act authorizing subsistence allowance provided for aviation cadets to be paid to messes in manner as prescribed by the act of March 14, 1940 (Public, No. 433, 76th Cong.);

S. 1995. An act to amend the act approved June 23, 1938, entitled "An act to regulate the distribution, promotion, and retirement of officers of the line of the Navy, and for other purposes";

S. 2090. An act to amend the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1910, and for other purposes," approved March 3, 1909, as amended, so as to extend commissary privileges to such other persons as may be specifically authorized by the Secretary of the Navy;

S. 2094. An act to provide for the rank and title of the Commandant of the Marine Corps;

S. 2095. An act to further amend the act approved June 23, 1938 (52 Stat. 944), as amended;

S. 2160. An act to promote the national security and defense by establishing daylight saving time;

S. 2169. An act to create the Limited Service Marine Corps Reserve, and for other purposes;

H. R. 6128. An act to amend the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended; and

H. R. 6325. An act to amend certain provisions of the Internal Revenue Code relating to the production of alcohol.

PROTECTION FROM BOMBING ATTACKS—CONFERENCE REPORT

Mr. REYNOLDS submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1936) to provide protection of persons and property from bombing attacks in the United States, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That there is hereby authorized to be appropriated such sums, not exceeding \$100,000, as may be necessary to enable the Director of Civilian Defense, appointed under authority of Executive Order Numbered 8757, dated May 20, 1941, to provide, under such regulations as the President may prescribe, facilities, supplies, and services to include research and development for the adequate protection of persons and property from bombing attacks, sabotage or other war hazards in such localities in the United States, its Territories and possessions, as may be determined by said Director to be in need of, but unable to provide, such protection: *Provided*, That such facilities and supplies may be loaned to civil authorities in accordance with said regulations: *Provided further*, That any department or agency of the Federal Government having equipment or supplies not required for its use may, subject to the approval of the Division of Procurement, Treasury Department, transfer the same without charge (notwithstanding the provisions of the Act of December 20, 1928, 45 Stat. 1030) to the Director of Civilian Defense for the purpose herein authorized.

"SEC. 2 It shall be unlawful for any person to wear an insignia, arm band, or other distinctive article prescribed by the Director of Civilian Defense except in accordance with the regulations promulgated under the authority of section 1 hereof: *Provided*, That nothing in this Act shall be construed as authorizing the Director of Civilian Defense or any person or employee acting under him by authority of this Act, or in pursuance of the regulations prescribed thereunder to interfere with or usurp any of the rights or duties of any local district, municipal, county, or State official.

"Any person found guilty of violating the provisions of this section shall, upon conviction, be fined not more than \$100 or imprisoned for not more than thirty days, or both."

And the House agree to the same.

ROBERT R. REYNOLDS,
WARREN R. AUSTIN,
ELEERT D. THOMAS,

Managers on the part of the Senate.

A. J. MAY,
EWING THOMASON,
DOW W. HARTER,
W. G. ANDREWS,
DEWEY SHORT,

Managers on the part of the House.

The report was agreed to.

EXECUTIVE SESSION

Mr. HILL. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. BUNKER in the chair) laid before the Senate messages from the President of the United States submitting sundry

nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. VAN NUYS, from the Committee on the Judiciary:

Victor E. Anderson, of Minnesota, to be United States attorney for the district of Minnesota.

By Mr. McCARRAN, from the Committee on the Judiciary:

Edward C. Eicher, of Iowa, to be Chief Justice of the District Court of the United States for the District of Columbia, vice Alfred A. Wheat, retired.

By Mr. McFARLAND, from the Committee on the Judiciary:

J. Waties Waring, of South Carolina, to be United States district judge for the eastern district of South Carolina, vice Frank K. Myers, deceased; George Bell Timmerman to be United States district judge for the eastern and western districts of South Carolina, vice Alva M. Lumpkin, resigned; and Herbert W. Christenberry, of Louisiana to be United States attorney for the eastern district of Louisiana, vice Rene A. Viosca resigned.

By Mr. MCKELLAR from the Committee on Post Offices and Post Roads:

Sundry postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the calendar.

THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. HILL. I ask that the nominations in the Army be confirmed en bloc, and that the President be notified forthwith.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc, and the President will be notified forthwith.

That concludes the nominations on the calendar.

ADJOURNMENT

Mr. HILL. As in legislative session, I move that the Senate adjourn.

The motion was agreed to; and (at 3 o'clock and 53 minutes p. m.) the Senate adjourned until tomorrow, Tuesday, January 20, 1942, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 19, 1942:

UNITED STATES CUSTOMS COURT JUDGE

Hon. William A. Ekwall, of Portland, Oreg., to be judge of the United States Customs Court, vice Hon. Walter H. Evans, retired.

UNITED STATES DISTRICT JUDGE

John W. Delehant, of Nebraska, to be United States district judge for the district of Nebraska, vice Thomas O. Munger, retired.

TEMPORARY APPOINTMENTS IN THE ARMY OF THE UNITED STATES

TO BE LIEUTENANT GENERAL

William Signius Knudsen.

TO BE MAJOR GENERAL

Brig. Gen. Julian Francis Barnes (colonel, Field Artillery), Army of the United States.

TO BE BRIGADIER GENERAL

Col. Patrick Jay Hurley, Infantry (Reserve).

CONFIRMATIONS

Executive nominations confirmed by the Senate January 19, 1942.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

Capt. Irvin Schindler to Judge Advocate General's Department.

Maj. Arthur Cecil Ramsey to Quartermaster Corps.

Maj. Carl Eugene Anderson to Finance Department.

Capt. Robert Edwin Cron, Jr., to Corps of Engineers.

First Lt. Archibald William Lyon to Corps of Engineers.

First Lt. Elmer John Gibson to Ordnance Department.

PROMOTIONS IN THE REGULAR ARMY

Charles Wilbur Thomas, Jr., to be colonel, Infantry.

Roscoe Campbell Crawford to be colonel, Corps of Engineers.

Milo Pitcher Fox to be colonel, Corps of Engineers.

Lewis Andrews Nickerson to be colonel, Ordnance Department.

Philip Ries Faymonville to be colonel, Ordnance Department.

Russell Lamonte Maxwell to be colonel, Ordnance Department.

John Shirley Wood to be colonel, Field Artillery.

TEMPORARY APPOINTMENTS IN THE ARMY OF THE UNITED STATES

TO BE MAJOR GENERALS

Fred Clute Wallace

Fred Livingood Walker

Clarence Leonard Tinker

Joseph Taggart McNarney

Lorenzo Dow Gasser

TO BE BRIGADIER GENERALS

Geoffrey Keyes

Paul Woolever Newgarden

William Henry Harrison Morris, Jr.

Willis Henry Hale

Ira Clarence Eaker

Francis Bernard Mallon

Charles Lawrence Bolté

Robert Olds

John Henry Hilldring

Charles Wolcott Ryder

Roscoe Barnett Woodruff

Matthew Bunker Ridgway

Redmond Francis Kieran, Jr.

Maxwell Abraham O'Brien

Cornelius Wendell Wickersham

sweeping its righteous power through the arteries of our Nation's life. Grant that they may ever leave the lower levels of a complacent and comfortable existence and aspire to the heights of entire dedication to the eternal principles of human liberty; may they seek a closer walk with Him, under whose feet all things shall be put under subjection. In a sad world of want and sin, faith in the Christ means conviction and sacrifice.

Our little systems have their day:

They have their day and cease to be;

They are but broken lights of Thee,
But Thou, O Lord, art more than they.
Amen.

The Journal of the proceedings of Thursday, January 15, 1942, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 6325. An act to amend certain provisions of the Internal Revenue Code relating to the production of alcohol.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2132. An act authorizing the construction of a new lock at St. Marys Falls Canal, Mich., in the interest of national defense; and

S. 2152. An act to provide for the planting of guayule and other rubber-bearing plants in order to make available a source of crude rubber for emergency and defense uses.

EXTENSION OF REMARKS

Mr. RAMSAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an editorial reporting on a bill that has been introduced in the House and explained fully in the contents of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

CONSTRUCTION OF PUBLIC WORKS FOR THE NAVY

Mr. SABATH, from the Committee on Rules, submitted the following privileged resolution (H. Res. 407), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 6333, a bill to authorize the Secretary of the Navy to proceed with the construction of certain public works and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage

without intervening motion except one motion to recommit.

EXTENSION OF REMARKS

Mr. YOUNGDAHL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include an editorial from the Minneapolis Times-Tribune.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

THE LATE MORRIS SHEPPARD

Mr. GUYER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. GUYER. Mr. Speaker, it was a rule of Senator Morris Sheppard, on the 16th of January, to deliver an address upon the anniversary of the ratification of the eighteenth amendment. Senator Sheppard believed with Gladstone that the liquor traffic had caused more misery and suffering to the human race than war, pestilence, and famine combined, and what we admire about him was that he had the courage of his convictions.

Mr. Speaker, I ask unanimous consent to put in the RECORD a speech made by a former Member of Congress in eulogy of Senator Sheppard.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a statement I made before the Patman small-business committee.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. FADDIS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an editorial from the Charleroi Daily Mail, published in my district.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in two respects, and in one to include an editorial from the Santa Monica Outlook, of Santa Monica, Calif.; and the other extension of my remarks to include a speech by Robert A. Morton, of the Los Angeles bar, entitled "A Promise to Hitler."

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. STEVENSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include two items in the Appendix, one a statement by the executive council of the American Federation of Labor, pertaining to retooling of American industry for war production, and the other an editorial from the

HOUSE OF REPRESENTATIVES

MONDAY, JANUARY 19, 1942

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Lord God, we praise Thee that Thou wilt keep him in perfect peace whose mind is stayed on Thee, like a melody from other spheres; we pray that Thy truth may inspire and strengthen our souls, clothing us with a deathless faith that humanity can never be shorn of its dignity and might. Forbid that our lives should be exchanged for anything, for worldly ambition, for the lust of the flesh, but with spirits pulsing with the spirit of our uncreated Master, help us to experience that devotion and sacrifice which are the divine gifts.

Almighty God, we pray that our people may continue along their path with the majesty of a great cause in their souls,





77TH CONGRESS
2D SESSION

H. R. 3487

IN THE HOUSE OF REPRESENTATIVES

JANUARY 19, 1942

Ordered to be printed with the amendments of the Senate numbered

AN ACT

To amend further the Civil Service Retirement Act, approved
May 29, 1930, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 1 of the Civil Service Retirement Act approved
4 May 29, 1930, as amended, is amended by striking out the
5 whole thereof and substituting in lieu thereof the following:
6 “SEC. 1. (a) All officers and employees to whom this
7 Act applies who shall have attained, or shall hereafter
8 attain the age of seventy years and have rendered at least
9 fifteen years of service computed as prescribed in section 5
10 of this Act shall be eligible for retirement on an annuity
11 as provided in section 4 hereof.

1 “(b) Any officer or employee to whom this Act applies
2 who shall have attained, or shall hereafter attain the age of
3 sixty years and have rendered at least thirty years of
4 service computed as prescribed in section 5 of this Act, or
5 who shall have attained, or shall hereafter attain the age of
6 sixty-two years and have rendered at least fifteen years of
7 such service may, upon his own option, retire and shall be
8 paid an annuity computed as provided in section 4 of this
9 Act.

10 “(c) The head of a department or independent Govern-
11 ment agency concerned may request the retirement of any
12 such officer or employee described in subsection (b) of this
13 section who, by reason of a disqualification is unable to per-
14 form satisfactorily and efficiently the duties of his position
15 or some other position of the same grade or class as that
16 occupied by the employee and to which he could be assigned.
17 No such request shall be submitted to the Civil Service Com-
18 mission unless and until the said officer or employee has been
19 notified in writing of the proposed retirement. Each such
20 officer or employee shall, upon request by him, have oppor-
21 tunity for a hearing before the Civil Service Commission, at
22 which hearing the officer or employee may appear in person
23 or he may be represented by a person of his choice. No
24 such officer or employee shall be so retired unless the Civil
25 Service Commission after examination finds that he is so

1 disqualified. The determination of the Civil Service Com-
2 mission as to whether the officer or employee shall be retired
3 under this subsection shall be final and conclusive. Any
4 person so retired shall be paid an annuity computed as pro-
5 vided in section 4 hereof. *(1) Nothing in this subsection shall*
6 *be deemed to authorize any person to request the retirement*
7 *of any elective officer, any officer or employee in the legisla-*
8 *tive branch of the Government within the classes of officers*
9 *and employees which were made eligible for the benefits of this*
10 *Act by the Act of July 13, 1937, or any employee of the*
11 *office of the Architect of the Capitol.*

12 “(d) Any officer or employee who has completed thirty
13 years of service computed in accordance with the provisions
14 of section 5 hereof and who has reached or may hereafter
15 reach the age of fifty-five years may voluntarily retire and
16 shall be paid an immediate life annuity beginning on the
17 first day of the month following the date of separation from
18 the service having a value equal to the present worth of a
19 deferred annuity at the age of sixty years computed as pro-
20 vided in section 4 of this Act.

21 “If none of the options provided in this section is exer-
22 cised prior to the date upon which the officer or employee
23 would otherwise be eligible for retirement from the service,
24 the provisions of this Act with respect to automatic separa-
25 tion from the service shall apply.”

1 SEC. 2. Strike out all of section 2 of the Act of May 29,
2 1930, as amended, and insert in lieu thereof the following:

3 “(a) Except as provided in section 204 of the Act of
4 June 30, 1932 (47 Stat. 404), and section 3 of the
5 Act of July 13, 1937 (50 Stat. 512), all officers or em-
6 ployees to whom this Act applies shall, on the last day of
7 the month in which they attain retirement age as defined in
8 the preceding section; and having rendered at least fifteen
9 years of service, be automatically separated from the service,
10 and all salary, pay, or compensation shall cease from that
11 date, and it shall be the duty of the head of each department,
12 branch, or independent office of the Government concerned to
13 notify each such employee under his direction of the date of
14 his separation from the service at least sixty days in ad-
15 vance thereof: *Provided, however,* That no provision of this
16 or any other Act relating to automatic separation from the
17 service shall have any application whatever to any elective
18 officer.

19 “(b) (2) Except as may now or hereafter be provided
20 by law, no person separated from the service who is re-
21 ceiving an annuity under the provisions of section 1 of this
22 Act shall be eligible again to appointment to any appointive
23 office, position, or employment under the United States or
24 of the government of the District of Columbia (3)unless the
25 appointing authority determines that he is possessed of spe-

1 *cial qualifications, in which event payment of his annuity*
2 *shall be terminated during the period of his appointment.*
3 *Any such person whose annuity is terminated shall, upon*
4 *the termination of his appointment, have his subsequent an-*
5 *nuity rights determined under the provisions of law in effect*
6 *at the time of such termination."*

7 SEC. 3. That section 3 of the Act of May 29, 1930, as
8 amended, is amended by striking out all thereof and inserting
9 in lieu thereof the following:

10 "(a) This Act shall apply to all officers and employees
11 in or under the executive, judicial, and legislative branches
12 of the United States Government, all elective and appoint-
13 tive officers in or under the said branches, and to all officers
14 and employees of the municipal government of the District of
15 Columbia: *Provided, however,* That this Act shall not apply
16 to any such officer or employee of the United States or of
17 the municipal government of the District of Columbia sub-
18 ject to another retirement system for such officers and em-
19 ployees of the said (4)governments, nor to any elective
20 officer until such officer gives notice in writing to the Civil
21 Service Commission of his or her desire to come within the
22 purview of this Act. Said notice must be given in the case
23 of any such person in the legislative branch of the Govern-
24 ment on the effective date of this Act, within six months from
25 such effective date, and in the case of any such person

1 elected and serving after the effective date of this Act, within
2 six months from the taking of the oath of office governments:
3 Provided further, That this Act shall not apply to any elective
4 officer or to any officer or employee in the legislative branch of
5 the Government within the classes of officers and employees
6 which were made eligible for the benefits of this Act by the
7 Act of July 13, 1937, until he gives notice in writing to the
8 disbursing officer by whom his salary is paid of his desire to
9 come within the purview of this Act; and any such officer or
10 employee may, within sixty days after the effective date of
11 this subsection, withdraw from the purview of this Act by
12 giving similar notice of such desire. In the case of any elec-
13 tive officer serving in the legislative branch of the Government
14 on the effective date of this Act and in the case of any officer
15 or employee in the service of the legislative branch of the Gov-
16 ernment on the effective date of this Act, such notice must be
17 given within the calendar year of 1942. In the case of
18 any elective officer elected to and serving in the legislative
19 branch of the Government after such effective date, such notice
20 must be given within six months after the taking of the oath
21 of office; and, in the case of any officer or employee of the
22 legislative branch of the Government who enters the service
23 after such effective date, such notice must be given within
24 six months after the date of entrance to the service. No pro-
25 vision of this or any other Act relating to automatic separation

1 *from the service shall have any application whatever to any*
2 *elective officer.*

3 “(b) The President shall have power, in his discretion,
4 to exclude from the operation of this Act any officer or em-
5 ployee or group of officers or employees in the ~~(5)~~*executive*
6 *branch of the service whose tenure of office or employment is*
7 *intermittent or of uncertain duration.”*

8 ~~(6)~~*(c) The provisions of this Act shall not apply to em-
9 ployees of the Senate or the House of Representatives whose
10 employment is temporary or of uncertain duration; and the
11 Architect of the Capitol is authorized to exclude from the
12 operation of this Act any employees under the Office of the
13 Architect of the Capitol whose tenure of employment is tem-
14 porary or of uncertain duration.*

15 SEC. 4. Section 4 (b) of the Act of May 29, 1930, as
16 amended by the Act of August 4, 1939, is amended by strik-
17 ing out the period at the end of section 4 (b) and inserting
18 in lieu thereof a semicolon, and by adding the following
19 sentence after the semicolon: “nor shall such total annuity
20 paid be less than an amount equal to the average annual
21 basic salary, pay, or compensation received by the employee
22 during any five consecutive years of allowable service at the
23 option of the employee, multiplied by the number of years of
24 service, not exceeding thirty-five years, and divided by
25 seventy.”

1 SEC. 5. Section 7 of the said Act of May 29, 1930, as
2 amended, is hereby repealed, and in lieu thereof the following
3 is substituted:

4 “(a) Should any officer or employee to whom this Act
5 applies, after having served for a total period of not less
6 than five years and before becoming eligible for retirement
7 become separated from the service, such officer or employee
8 shall be paid a deferred annuity beginning at the age of
9 sixty-two years, computed as provided in clauses (1) and
10 (2) of section 4 (a) of this Act: *Provided*, That any such
11 person involuntarily separated from the service not by re-
12 moval for cause on charges of misconduct or delinquency
13 may elect to receive an immediate annuity beginning at the
14 age of fifty-five or at the date of separation from the service
15 if subsequent to that age having a value equal to the present
16 worth of a deferred annuity beginning at the age of sixty-
17 two years, or at age of separation if subsequent to age sixty-
18 two, computed as provided in section 4 of this Act: *Provided*
19 *further*, That nothing in this Act shall be so construed as to
20 prohibit the refund of deductions, deposits, or redeposits made
21 prior to the effective date of this Act with interest thereon, or
22 of any voluntary contributions made under the provisions of
23 section 10 of this Act, with interest: *And provided further*,
24 That all moneys, except voluntary contributions, so refunded
25 an officer or employee must be redeposited with interest before

1 such officer or employee may derive any annuity benefits
2 based on the service covered by the refund.

3 “(b) Should an annuitant under the provisions of this
4 section be reemployed in a position included in the pro-
5 visions of this Act, the annuity and any right to an im-
6 mediate or deferred annuity as provided herein shall cease
7 as of the date of such employment. If such annuitant is
8 reemployed in any position in the service of the United
9 States or the District of Columbia, not within the provisions
10 of this Act, annuity payments shall be discontinued during
11 the period of such employment, and resumed in the same
12 amount upon termination of such employment.

13 “(c) Interest shall be allowed on the amount credited
14 to such separated officer's or employee's individual account
15 in the retirement fund at 3 per centum compounded on
16 June 30 of each year until the beginning date of annuity.”

17 SEC. 6. That in section 9 of the Act of May 29, 1930,
18 as amended, after the words “and also 3½ per centum of the
19 basic salary, pay, or compensation for services rendered
20 from and after July 1, 1926” insert the following: “and
21 prior to ~~(7)January~~ *July 1, 1942*, and also 5 per centum
22 of such basic pay, salary, or compensation for services ren-
23 dered on and after ~~(8)January~~ *July 1, 1942*”.

24 SEC. 7. Add to the first sentence of section 10 of the
25 Act of May 29, 1930, as amended, the following: “*Pro-*

1 *vided*, That after ~~(9)December 31, 1941~~ June 30, 1942,
2 there shall be deducted and withheld from the basic salary,
3 pay, or compensation of any officer or employee to whom
4 this Act applies a sum equal to 5 per centum of such officer's
5 or employee's basic salary, pay, or compensation".

6 SEC. 8. Strike out paragraph (b) of section 12 of the
7 Act of May 29, 1930, as amended, and insert in lieu thereof
8 the following:

9 "In the case of any officer or employee to whom this
10 Act applies who shall be transferred to a position not within
11 the purview of this Act, or who shall become absolutely
12 separated from the service before he shall have completed an
13 aggregate of five years of service computed in accordance
14 with section 5 of this Act, the amount of deductions from his
15 basic salary, pay, or compensation credited to his individual
16 account, together with interest at 4 per centum compounded
17 on June 30 of each year shall be returned to such officer or
18 employee: *Provided*, That when an officer or employee be-
19 comes involuntarily separated from the service, not by re-
20 moval for cause on charges of misconduct or delinquency
21 before completing five years of creditable service the total
22 amount of deductions from his basic salary, pay, or com-
23 pensation with interest at 4 per centum compounded on June
24 30 of each year shall be returned to such officer or employee:

1 Provided *further*, That all deductions from basic salary, pay,
2 or compensation so returned to an officer or employee must,
3 upon reinstatement, retransfer, or reappointment to a position
4 coming within the purview of this Act be redeposited with
5 interest at 4 per centum compounded on June 30 of each
6 year before such officer or employee may derive any benefits
7 under this Act, except as provided in this section, but interest
8 shall not be required covering any period of separation from
9 the service.”

10 SEC. 9. Section 13 of the Act of May 29, 1930, as
11 amended, is hereby amended, effective from January 1, 1940,
12 by adding at the end thereof the following paragraph:

13 “The term ‘annuitant’ as used in this Act shall include
14 any employee who has met all requirements of the Act for
15 title and has filed claim therefor, notwithstanding final admin-
16 istrative action was not taken by the Civil Service Commis-
17 sion prior to his death. Nothing in this section shall be so
18 construed as to reduce any benefit otherwise payable.”

19 SEC. 10. Nothing in this Act shall be so construed as to
20 affect any rights of persons separated prior to the effective
21 date of this Act, but all such rights shall continue and may be
22 enforced in the same manner as though this Act had not been
23 made.

1 SEC. 11. This Act shall take effect upon approval except
2 as otherwise provided herein.

Passed the House of Representatives December 1, 1941.

Attest: **SOUTH TRIMBLE,**
Clerk

Passed the Senate with amendments January 19, 1942.

Attest: EDWIN A. HALSEY,
Secretary.

AN ACT

To amend further the Civil Service Retirement Act, approved May 29, 1930, as amended.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 19, 1942

Ordered to be printed with the amendments of the Senate numbered

considered by the Naval Affairs Committee, has been carefully considered by the Appropriations Committee, and carefully considered by the Rules Committee.

The Committee will observe that the bill designates the number of ships, 1,799. That is a departure from the usual way we present bills authorizing ship construction. In the past we have dealt in tons, saying "so many tons," but for military reasons we prefer to designate now the number of ships instead of the number of tons. You can readily understand that anyone could easily figure out the type and character of ships if a certain number of tons were given.

The Navy Department, the Appropriations Committee, the Naval Affairs Committee and the entire establishment having anything to do with this bill consider it highly important that secrecy be maintained as to the type and character of ships proposed to be constructed. But I may say that we have gone into that most carefully, and those committees charged with the responsibility know the type and character of ships.

Mr. JOHNS. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Wisconsin.

Mr. JOHNS. Would it be disclosing any military secret if I asked whether any of those ships could be built on the Great Lakes or not?

Mr. VINSON of Georgia. It would not. Anticipating that question, I have a letter from the Bureau of Ships, which states:

The type of some of the vessels now under consideration is especially adapted for Great Lakes and inland rivers. The Bureau of Ships expects to make a drive to place as much of the construction of these ships as is possible in those locations.

May I say to the House, all of you from the Great Lakes area, the admiral stated that he is going to do everything humanly possible to see that every shipyard in Cleveland, Detroit, and all that great industrial area is given full opportunity to build some of these ships.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mrs. BOLTON. Are the contracts to be competitive or negotiated?

Mr. VINSON of Georgia. It all depends. It depends upon the character of the ship whether it will be competitive bidding or a negotiated contract. If a negotiated contract can be worked out, it will be worked out. If it is necessary to have competitive bids, we will have them. The competitive-bid contract involves a delay, and therefore I would say to the gentlewoman from Ohio that in all probability the vast majority of these will be built by negotiated contracts.

The committee does not feel that in the interest of the successful prosecution of the war we should go into any further detail as to the type and characterization of these ships. It is necessary to expand the shipbuilding facilities approximately \$750,000,000. That is set out in the bill. We are not enumerating in the bill what it will cost to carry out this program, because to do that would also probably

give information that would not be to the best interests of our defense program.

Mrs. BOLTON. Are any of these to be wooden ships?

Mr. VINSON of Georgia. A portion of them may be of wood, but a portion of them will probably be of steel. The \$750,000,000 will go for the expansion of the industrial yards making component parts that go into the ships, and also for the expansion of yards so that they will have the facilities with which to build the ships.

I think that covers about all that I can say, but I want to impress this one fact, that while this is a large program it has been most carefully gone into by these committees, the Naval Affairs Committee, the Appropriations Committee, and the Rules Committee.

If there are no further questions I will reserve the balance of my time.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. ROBSION of Kentucky. Would it be against the public interest to indicate approximately what these 1,799 ships would cost?

Mr. VINSON of Georgia. It would. It would be disclosing a very important military secret as to what these ships are.

Mr. ROBSION of Kentucky. I do not mean as to each ship or category, but as to the total amount involved. I do not want it answered if it will conflict with the public interest.

Mr. VINSON of Georgia. I have stated all that I think I am justified in stating, in view of the war situation.

Mr. HESS. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the distinguished gentleman from Ohio.

Mr. HESS. I believe it was testified before the committee on the consideration of this bill that all available facilities along the Ohio River and the Mississippi River will be used in the construction of the ships?

Mr. VINSON of Georgia. That is correct. I think that everybody who has a shipyard, who has industries that can carry on shipbuilding, will at least have an opportunity to participate in this national defense program or this war program. It is essential that these ships be built at the earliest possible date in order to prosecute the war.

Mr. Chairman, I reserve the balance of my time.

Mr. HESS. Mr. Chairman, there are no requests for time on this side.

Mr. VINSON of Georgia. I ask that the bill be read for amendment, Mr. Chairman.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized to undertake the construction of one thousand seven hundred and ninety-nine combatant, auxiliary, and patrol vessels of various types, in addition to those heretofore authorized.

With the following committee amendment:

Page 1, line 5, after the words "ninety-nine", insert the word "minor."

The amendment was agreed to.

The Clerk read as follows:

SEC. 2. The Secretary of the Navy is hereby authorized to provide, at a cost not exceeding \$750,000,000, essential equipment, facilities, and land at either private or public establishments, for the construction of ships, and the production of ordnance material for the ships herein authorized.

With the following committee amendment:

Page 1, line 10, after the word "ships", insert "or portions thereof."

The amendment was agreed to.

The Clerk read as follows:

SEC. 3. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to effectuate the purposes of this act.

With the following committee amendment:

Page 2, line 6, after the word "Act", insert a new section as follows:

"SEC. 4. The Secretary of the Navy from time to time, but not less frequently than once every 6 months, shall transmit to the Congress a full report of all acquisitions of land effected under the authority of this or any subsequent act."

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and Mr. McCORMACK having assumed the chair as Speaker pro tempore, Mr. McLAUGHLIN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 6392) to authorize the construction of certain naval vessels, and for other purposes, pursuant to House Resolution 411, he reported the bill back to the House with sundry amendments adopted in the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The question is on the committee amendments.

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3487) to amend further the Civil Service Retirement Act, approved May 29, 1930, as amended, with Senate amendments and agree to the Senate amendments.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Without objection, the Senate amendments will be printed in the RECORD at this point.

There was no objection.

The Senate amendments follow:

Page 3, line 5, after the word "hereof", insert "Nothing in this subsection shall be deemed to authorize any person to request the retirement of any elective officer, any officer or employee in the legislative branch of the Government within the classes of officers

and employees which were made eligible for the benefits of this act by the act of July 13, 1937, or any employee of the office of the Architect of the Capitol."

Page 4, lines 13 and 14, strike out "Except as may now or hereafter be provided by law, so" and insert "No."

Page 4, line 18, after "Columbia", insert "unless the appointing authority determines that he is possessed of special qualifications, in which event payment of his annuity shall be terminated during the period of his appointment. Any such person whose annuity is terminated, shall, upon the termination of his appointment, have his subsequent annuity rights determined under the provisions of law in effect at the time of such termination."

Page 5, line 6, strike out all after "said" down to and including "office" in line 14, and insert "governments: Provided further, That this act shall not apply to any elective officer or to any officer or employee in the legislative branch of the Government within the classes of officers and employees which were made eligible for the benefits of this act by the act of July 13, 1937, until he gives notice in writing to the disbursing officer by whom his salary is paid of his desire to come within the purview of this act; and any such officer or employee may, within 60 days after the effective date of this subsection, withdraw from the purview of this act by giving similar notice of such desire. In the case of any elective officer serving in the legislative branch of the Government on the effective date of this act and in the case of any officer or employee in the service of the legislative branch of the Government on the effective date of this act, such notice must be given within the calendar year of 1942. In the case of any elective officer elected to and serving in the legislative branch of the Government after such effective date, such notice must be given within 6 months after the taking of the oath of office; and, in the case of any officer or employee of the legislative branch of the Government who enters the service after such effective date, such notice must be given within 6 months after the date of entrance to the service. No provision of this or any other act relating to automatic separation from the service shall have any application whatever to any elective officer."

Page 5, line 17, after the word "the", insert "executive branch of the."

Page 5, line 19, strike out "duration" and insert "duration."

"(c) The provisions of this act shall not apply to employees of the Senate or the House of Representatives whose employment is temporary or of uncertain duration; and the Architect of the Capitol is authorized to exclude from the operation of this act any employees under the Office of the Architect of the Capitol whose tenure of employment is temporary or of uncertain duration."

Page 7, line 25, strike out "January 1" and insert "July 1."

Page 8, line 2, strike out "January 1" and insert "July 1."

Page 8, line 5, strike out "December 31, 1941" and insert "June 30, 1942."

Mrs. ROGERS of Massachusetts. Mr. Speaker, reserving the right to object, and I shall not, I am sure the gentleman will explain the effect of the Senate amendments, that they do not change the sense of the bill in any way as it passed the House.

Mr. RAMSPECK. Mr. Speaker, the first Senate amendment is a clarifying amendment to make certain that the application of this bill to elected officials does not impose any mandatory requirement upon them or the employees of the legislative branch of the Government.

The second amendment strikes out certain language.

The third amendment provides for the reemployment of persons who have been retired, where they have special qualifications. We have already given this authority to the War and Navy Departments and this extends it to other agencies of the Government.

The fourth amendment provides with reference to the elected officials of the Government that they shall have the calendar year 1942 in which to make their election under the terms of the bill as to whether or not they shall come under the act. It also contains a provision limited to legislative employees, permitting those now under the act to withdraw during a period of 60 days. The Senate put this in in order to take care of one particular case in which they were interested.

The fifth amendment is a clarifying amendment in regard to the power of the President to exclude from the coverage of the act persons or groups whose tenure of employment is of uncertain duration.

The sixth amendment provides that this act shall not apply to persons whose employment is temporary or of uncertain duration, and permits the Architect of the Capitol to exclude temporary employees from the coverage of the act.

The seventh and eighth amendments change the effective date of the increased contribution from January 1 of this year to July 1 of this year. The ninth amendment likewise deals with dates and provides that future contributions after June 30, 1942, shall be at the rate of 5 percent.

There are no amendments which change the substance of the act, and the bill is in substantially the same form as it was when it passed the House.

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman.

Mr. ROBSION of Kentucky. I saw a statement, I believe in yesterday's Washington News, stating that this pension would be paid by the Government out of the pockets of the taxpayers of the country.

Mr. RAMSPECK. That statement was misleading. The Civil Service Retirement Act sets up a contributory system, and everybody who participates in it pays for part of the cost.

Mr. ROBSION of Kentucky. How much money is now in the civil-service retirement fund?

Mr. RAMSPECK. I do not remember the exact figures, but I believe it is over \$600,000,000. It has been accumulating for more than 20 years.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. FITZPATRICK. I understand there is now about \$750,000,000 in the retirement fund.

Mr. ROBSION of Kentucky. That is the report I saw in the press.

Mr. FITZPATRICK. About three-quarters of a billion.

Mr. ROBSION of Kentucky. If Members of the House and Senate are included, would they be required to contribute?

Mr. RAMSPECK. They will be put on exactly the same basis that we put the postmasters 2 years ago when we brought them under. They can contribute for their back time or they can start paying now.

Mr. ROBSION of Kentucky. Would what they would pay take care of the retirement fund?

Mr. RAMSPECK. That would take care of their part of it. Of course, it is a mutual proposition. The Government is in the place the employer occupies under social security. The employer contributes and the employee contributes. This system is similar in principle to the social-security system. The Government contributes to the fund, and the persons who benefit by it contribute. We are raising the rate of contribution of the persons covered by the act from 3½ percent to 5 percent under this bill, so as to make them contribute more.

Mr. ROBSION of Kentucky. Under the present law the contribution is 3½ percent of the employees' salaries?

Mr. RAMSPECK. That is correct.

Mr. ROBSION of Kentucky. This measure raises the contribution to 5 percent?

Mr. RAMSPECK. That is correct.

Mr. ROBSION of Kentucky. Then that will fully take care of the retirement fund and create a surplus in the fund?

Mr. RAMSPECK. I think that is unquestionably true.

Mr. ROBSION of Kentucky. Are there persons in the employ of the Government now, not in elective offices but in the executive branch of the Government, who receive more than \$10,000 a year and yet come under the present Retirement Act who will come under this bill?

Mr. RAMSPECK. Yes; that is true.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. Is the primary purpose of this bill to increase the contributions to the retirement fund from 3½ to 5 percent?

Mr. RAMSPECK. That is one of the primary purposes. Another equally important purpose, in my judgment, is to extend the age limits at which mandatory retirement is required for two groups, one from 62 to 70 and one from 65 to 70. This enables us to use these experienced employees longer and reduces the cost of the system in respect to that particular group.

Mr. WHITTINGTON. As far as I am personally concerned, I should like to vote for those provisions, but I am opposed to embracing elective officers within the terms of the Retirement Act. For that reason I shall be compelled to vote against the gentleman's bill, as I have always opposed their inclusion heretofore.

Mr. RANKIN of Mississippi. Mr. Speaker, will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Mississippi.

Mr. RANKIN of Mississippi. I want to express my thorough agreement with the gentleman from Mississippi [Mr. WHITTINGTON]. I was not in the House when this measure went through before, or I

should have opposed it. I think it is a terrible mistake to provide retirement benefits for elective officers.

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to revise and extend my remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. RAMSPECK. Mr. Speaker, the debate in the other body on this matter has resulted in some mistaken ideas, and as a result some newspaper stories about it have been misleading.

Some of the newspaper stories would lead one to believe that we were doing something which gave us an advantage over others covered by this act. Such is not the case.

When the original act was passed in 1920, about 6,000 persons were retired after having paid 2½ percent of their salaries for a period of only 1 month. It is an interesting fact that more than a hundred of these persons are still alive and receiving annuities.

As the act was extended to 40,000 postmasters January 1, 1940, the same treatment now being accorded to elective officials was then applied. On January 1, 1940, more than 2,000 postmasters who were at or beyond retirement age, after paying 3½ percent of their salaries for only 1 month, were retired.

When the Railroad Retirement and Social Security systems were inaugurated, the same principle was applied.

Since the civil-service retirement system is only 21 years old, almost all of the 60,000 persons now on the annuity rolls are being paid for years of service during which no contribution was made.

Therefore, the statement that this amendment gives us preferential treatment is not correct.

Another wrong idea gained from newspapers following the debate in the other body is that this system will provide pensions of large amounts.

This system is a contributory system. The Government as the employer pays a part of the cost, and the persons covered by the law also pay a part.

We have provided a pension system for the armed forces and for judges. The former receive three-fourths of their salaries and the latter full salaries after retirement. They pay nothing.

This system will not provide more than a moderate annuity for the vast majority of the elected officials. The average service in the Congress is not long enough to provide any large amount except in a very few cases.

No elected official can be paid an annuity if his service is less than 30 years until he reaches age 62. He must have a minimum of 5 years of service. If his service terminates after 5 years, but before he reaches age 62, he will get a deferred annuity at age 62.

It is interesting to note, from a hasty look at the service records of the present Congress, that of the 531 Members only 10 could retire at the end of this term with an annuity of as much as \$3,000 per annum. Only 41 could retire with annuities of as much as \$2,000. Only 66 could retire with as much as \$1,500. Only 112

could receive as much as \$1,200, and only 164 as much as \$1,000 per year.

This indicates that the vast majority of the membership will have to serve many years yet before they can attain even a modest annuity under this system, during which time they will be paying into the civil-service retirement fund 5 percent of their salaries.

Mr. Speaker, it is my belief that the extension of this system to the elected officials will free many of them as they get older from the worry incident to advanced age. Many of them have no other source of income. The longer they serve here the more difficult it is for them to reestablish themselves back home in a position to earn an adequate income.

The assurance of some measure of security in their advanced age will, I believe, tend to make possible more independent action by the legislative branch.

I wish to express my appreciation to the many Members who interested themselves in this matter and to the various organizations of employees who gave support to these amendments.

The extension of the mandatory ages of retirement from 62 and 65 years for two groups to 70 will make it possible to retain many valuable and experienced employees who are vital to the operation of the Postal Service during the war.

These amendments to the Retirement Act tend to improve the system and to make more attractive the public service as a career. That means better service to the public.

The amendments contained in this bill extend the retirement law to many persons who heretofore have not had coverage under any act providing for advanced age, including the elected officials. All of these persons, whether elected or appointed, to get the full annuity provided by the system, must make payment for each year of their service. If payment for service prior to the effective date of this act is not made, the annuity will be reduced by the amount such payments would have provided.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia that the House concur in the Senate amendments?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

VETERANS' ADMINISTRATION

Mr. RANKIN of Mississippi. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 487) to provide that the unexplained absence of any ex-service man for 7 years shall be deemed sufficient evidence of death for the purpose of laws administered by the Veterans' Administration, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Amend the title so as to read: "An act to provide that the unexplained absence of any individual for 7 years shall be deemed sufficient evidence of death for the purpose of

laws administered by the Veterans' Administration."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. LELAND M. FORD] is recognized for 15 minutes.

ORGANIZING FOR WAR

Mr. LELAND M. FORD. Mr. Speaker, there is no question but that the people of this country are 99 percent for a real organization to win the war. In order, however, to win this war a real organization must be had in which the personnel are selected entirely on their ability to perform in whatever their respective positions may be. Unfortunately, there are two kinds of organization. The first would be an organization in fact which is real, is active, aggressive, knows what it is doing, correlates and coordinates their plans, carries those plans out, functions properly, and delivers. In other words, they efficiently plan their work and then they work their plan.

The second kind of an organization is only a so-called organization. This one is noisy, wordy, has no real ability, makes lengthy reports, appoints subcommittees, is entirely theoretical, publicizes individuals who have no real ability, and theoretically accomplishes nothing but publicity, misleads people into a false sense of security that they are performing, but they never deliver anything but excuses and reports. As far as actual production is concerned, and the translation of appropriations and reports into final munitions—shells, guns, ships, and so forth—it never produces anything but conversation.

To thinking people it is self-evident as to which organization we ought to have.

To thinking people, again, it is evident that if we are going to win this war we must immediately get rid of the noisy, conversational playboy, selfish interests who are only getting in the way of and destroying the efforts of those who really can accomplish things.

In addition to this, there is no question but that many anti-American subversive interests will attempt to crowd themselves into any organization in order to destroy any real program that will permit this country to win the war and permit it to continue under our American form of government as we have known it. This should not be permitted.

There is no question but that all policies of every kind, character, and description should be definitely and positively and in reality be adjourned. I am for this, and I will do everything that I possibly can to assist and help this administration build the finest fighting organization that the world has ever known. As evidence of this I will point to my record in support of this defense program.

At the same time, however, I do not believe it is my duty nor the duty of any other American to become a "yes" man.

I do, on the other hand, believe that it is my duty to tell the administration and the American people the things they ought to know, whether these things are good, bad, or indifferent, and not the things that are pleasant for their ears to hear. With that thought in mind, I believe I am a friend of the administration when I present to their attention and to the attention of the American people the things that I believe to be wrong, and I believe that if these things are wrong, if they are corrected it will strengthen the administration and the American people in winning the war.

In that same adjournment of politics, however, I do not believe that we should become so blinded in an all-out program so far as Republicans and Democrats are concerned that we should let subversive interests take advantage of any such adjournment in order that they should then and there take that opportunity of furthering and promoting their boring from within in order to destroy not only our defense program but the United States of America itself, together with its form of government and all that we hold dear under the head of liberty.

With these thoughts in mind, I am going to criticize our defense program set-up and make suggestions, and I hope the spirit in which I do it will be accepted in the spirit in which I offer these things, and that is with the idea of helping the program and not injuring it. In order to do this, we will have to discuss some things that it is not pleasant for some people to hear. First, let us go back over the last 2 years and see what we have accomplished. Without going into too much detail, I believe it safe to say that the great bulk of our people had confidence in the ability of our industrial machine to perform and fulfill its full duty in the defense program. This country had a right to except that, as our industrial machine has always been capable of rising to any emergency and, if necessary, out-produce our competitors. That was true and still is true, if they are permitted to proceed in an organized, American way; but they cannot do it if garrulous publicity seekers, political stooges, politically prominent people, so-called economists, theorists, and self-styled supermen and subversive interests of all kinds are placed in positions for which they are not qualified by their experience or by their ability.

Fortunately, our productive machine has been able to make some headway with some efficiency. Unfortunately, through these above-named influences, that efficiency in production has not been permitted to work fully, and there has been much interference by those, in some instances, who may have been sincere and honest, but did not know, and by those who had a sinister motive at heart to start with. The answer to this should be to clean out all those who cannot perform, who will not perform, and who do not perform, regardless of whose friend he may be, what political influences he may have, or despite his publicity and ability as a rabble rouser and a preacher of class hatred, strife, and dissension.

A thorough house cleaning should be made, with particular reference to the

present personnel, to immediately discharge those who are not really functioning and to retain those who are. This personnel would come under two classes.

The first would include those who have had real, practical experience in production, whose judgment is sound, whose organizing ability is proven, and who have made real sacrifices to come here to Washington and really, sincerely, patriotically try to help this country. These competent people should be retained and given the authority to carry on our program.

The second group would consist of the type of person who has misrepresented his real ability, who has been built up falsely in the minds of the people by publicity agents and other means; those persons who think that this emergency was put on for their benefit to come to Washington and stage a Roman holiday, that raise hell all night, turn night into a nightmare, and feel that so long as they get by and get their money they have accomplished their purpose. Those self-centered theorists and supermen who have been failures in everything they have undertaken, and this whole group who contribute nothing but confusion, destroy the efforts of those who really can accomplish things and break the confidence of our people in the ability of a democracy to deliver. It may be hard to discharge these people in some instances, but believe you me, before this war is over the American people are going to find many things hard, and they will find it less hard if these people are discharged now, before it is too late.

The greatest thing that this administration can have is the confidence of its people. They can have and retain the confidence of its people if these same people know that this program is being fully manned by a personnel made up of those whose judgments, abilities, and patriotism, and ability to perform are unquestioned.

This country cannot have confidence in a program wherein this program, or any part of it, is in the hands of a drunken, rioting, Roman-holiday personnel who have no ability, whether they are dollar-a-year men or whether they are \$10,000-a-year men. To those who are not blind, both within Washington and without, it is evident that both types of these people are present, and it is also the opinion of those who have the welfare of this country at heart that in every single instance this personnel in group No. 2 should immediately be cleaned out, definitely and positively. This will certainly save much money to an already heavily taxed people.

We have been told time and again that the most precious thing we have is time. I believe this, and I believe that if the above program is carried out much time and money can be saved and much can be accomplished, and if it is not carried out it is going to be the most costly thing this country has ever done.

Many of us can look back to the time that Knudsen was appointed and Mr. Hillman was appointed as cochairman with him. What was the result? The result was a fight between industry and

labor, with a tremendous loss of time and a tremendous loss of production that we are now feeling the need of. Instead of Mr. Hillman concerning himself with the problem of having labor give their all-out aid, and which 95 percent of labor itself was willing to do, he had to put his nose into the question of management. This, in turn, brought on a fight from management in order to protect themselves. The total result was that we had a slow-down in our production program, which was the object to be accomplished by those who did not want this country to be prepared.

It does not do any good to indulge in incriminations for the things that have happened in the past. The only thing constructive that may come out of any such thing should be to benefit by those mistakes that we have made in the past and not make them again. Therefore, is it not proper to suggest that labor and the leaders of labor, if they mean what they say, that they confine themselves, at least for the war period, to the functions of labor only, with further and particular reference to having labor give an all-out production in the way of seeing how much they can produce and how quickly and efficiently they can produce it, without squabbling for the rights, all of which they will certainly lose if this country loses the war?

On the other hand, business and industry should confine itself to the efficient planning of production and not be diverted from their business by encroaching upon the problems that are strictly within the labor group.

This can only be done, however, if the administration will see that two things are done. First, that labor of any kind, character, or description does not attempt to seize this opportunity in this emergency of war production to go ahead with any more demands of any kind, but that they do confine themselves to production; and secondly, that business and industry do the same thing with their side of the program.

The administration can proceed along this line in a fearless, courageous manner if the program is entirely fair for all, including the public. It can be assured of public support and confidence, according to the fearlessness and fairness that they display. If this program is one sided in any respect, the defense program is going to be injured, and if the administration wants to win this war, which I believe they do, they certainly must recognize this and not indulge in any vacillating policies on either side of this question.

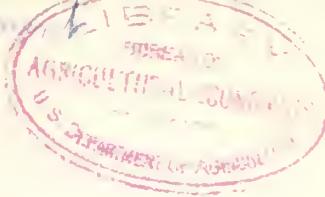
Regardless of what may have happened in the past, the time has come when we now need an all-out support from every single individual within this country. If every single individual in this country would do the particular job assigned to him, perform 100 percent on his own job and keep his nose out of the other fellow's job, many things would be solved.

Selfishness on the part of both labor and industry will have to be laid aside.

We have had the shake-up in our military and naval organizations. This is not sufficient. That shake-up and reorganization should go further and should go right into the heart of this organiza-







[PUBLIC LAW 411—77TH CONGRESS]

[CHAPTER 16—2D SESSION]

[H. R. 3487]

AN ACT

To amend further the Civil Service Retirement Act, approved May 29, 1930, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Civil Service Retirement Act approved May 29, 1930, as amended, is amended by striking out the whole thereof and substituting in lieu thereof the following:

“SEC. 1. (a) All officers and employees to whom this Act applies who shall have attained, or shall hereafter attain the age of seventy years and have rendered at least fifteen years of service computed as prescribed in section 5 of this Act shall be eligible for retirement on an annuity as provided in section 4 hereof.

“(b) Any officer or employee to whom this Act applies who shall have attained, or shall hereafter attain the age of sixty years and have rendered at least thirty years of service computed as prescribed in section 5 of this Act, or who shall have attained, or shall hereafter attain the age of sixty-two years and have rendered at least fifteen years of such service may, upon his own option, retire and shall be paid an annuity computed as provided in section 4 of this Act.

“(c) The head of a department or independent Government agency concerned may request the retirement of any such officer or employee described in subsection (b) of this section who, by reason of a disqualification is unable to perform satisfactorily and efficiently the duties of his position or some other position of the same grade or class as that occupied by the employee and to which he could be assigned. No such request shall be submitted to the Civil Service Commission unless and until the said officer or employee has been notified in writing of the proposed retirement. Each such officer or employee shall, upon request by him, have opportunity for a hearing before the Civil Service Commission, at which hearing the officer or employee may appear in person or he may be represented by a person of his choice. No such officer or employee shall be so retired unless the Civil Service Commission after examination finds that he is so disqualified. The determination of the Civil Service Commission as to whether the officer or employee shall be retired under this subsection shall be final and conclusive. Any person so retired shall be paid an annuity computed as provided in section 4 hereof. Nothing in this subsection shall be deemed to authorize any person to request the retirement of any elective officer, any officer or employee in the legislative branch of the Government within the classes of officers and employees which were made eligible for the benefits of this Act by the Act of July 13, 1937, or any employee of the office of the Architect of the Capitol.

“(d) Any officer or employee who has completed thirty years of service computed in accordance with the provisions of section 5 hereof and who has reached or may hereafter reach the age of fifty-five years may voluntarily retire and shall be paid an immediate life annuity beginning on the first day of the month following the date of separation from the service having a value equal to the present worth of a deferred annuity at the age of sixty years computed as provided in section 4 of this Act.

“If none of the options provided in this section is exercised prior to the date upon which the officer or employee would otherwise be eligible for retirement from the service, the provisions of this Act with respect to automatic separation from the service shall apply.”

SEC. 2. Strike out all of section 2 of the Act of May 29, 1930, as amended, and insert in lieu thereof the following:

“(a) Except as provided in section 204 of the Act of June 30, 1932 (47 Stat. 404), and section 3 of the Act of July 13, 1937 (50 Stat. 512), all officers or employees to whom this Act applies shall, on the last day of the month in which they attain retirement age as defined in the preceding section; and having rendered at least fifteen years of service, be automatically separated from the service, and all salary, pay, or compensation shall cease from that date, and it shall be the duty of the head of each department, branch, or independent office of the Government concerned to notify each such employee under his direction of the date of his separation from the service at least sixty days in advance thereof: *Provided, however,* That no provision of this or any other Act relating to automatic separation from the service shall have any application whatever to any elective officer.

“(b) No person separated from the service who is receiving an annuity under the provisions of section 1 of this Act shall be eligible again to appointment to any appointive office, position, or employment under the United States or of the government of the District of Columbia unless the appointing authority determines that he is possessed of special qualifications, in which event payment of his annuity shall be terminated during the period of his appointment. Any such person whose annuity is terminated shall, upon the termination of his appointment, have his subsequent annuity rights determined under the provisions of law in effect at the time of such termination.”

SEC. 3. That section 3 of the Act of May 29, 1930, as amended, is amended by striking out all thereof and inserting in lieu thereof the following:

“(a) This Act shall apply to all officers and employees in or under the executive, judicial, and legislative branches of the United States Government, all elective and appointive officers in or under the said branches, and to all officers and employees of the municipal government of the District of Columbia: *Provided, however,* That this Act shall not apply to any such officer or employee of the United States or of the municipal government of the District of Columbia subject to another retirement system for such officers and employees of the said governments: *Provided further,* That this Act shall not apply to any elective officer or to any officer or employee in the legislative branch of the Government within the classes of officers and employees which were made eligible for the benefits of this Act by the Act of

July 13, 1937, until he gives notice in writing to the disbursing officer by whom his salary is paid of his desire to come within the purview of this Act; and any such officer or employee may, within sixty days after the effective date of this subsection, withdraw from the purview of this Act by giving similar notice of such desire. In the case of any elective officer serving in the legislative branch of the Government on the effective date of this Act and in the case of any officer or employee in the service of the legislative branch of the Government on the effective date of this Act, such notice must be given within the calendar year of 1942. In the case of any elective officer elected to and serving in the legislative branch of the Government after such effective date, such notice must be given within six months after the taking of the oath of office; and, in the case of any officer or employee of the legislative branch of the Government who enters the service after such effective date, such notice must be given within six months after the date of entrance to the service. No provision of this or any other Act relating to automatic separation from the service shall have any application whatever to any elective officer.

“(b) The President shall have power, in his discretion, to exclude from the operation of this Act any officer or employee or group of officers or employees in the executive branch of the service whose tenure of office or employment is intermittent or of uncertain duration.

“(c) The provisions of this Act shall not apply to employees of the Senate or the House of Representatives whose employment is temporary or of uncertain duration; and the Architect of the Capitol is authorized to exclude from the operation of this Act any employees under the Office of the Architect of the Capitol whose tenure of employment is temporary or of uncertain duration.”

SEC. 4. Section 4 (b) of the Act of May 29, 1930, as amended by the Act of August 4, 1939, is amended by striking out the period at the end of section 4 (b) and inserting in lieu thereof a semicolon, and by adding the following sentence after the semicolon: “nor shall such total annuity paid be less than an amount equal to the average annual basic salary, pay, or compensation received by the employee during any five consecutive years of allowable service at the option of the employee, multiplied by the number of years of service, not exceeding thirty-five years, and divided by seventy.”

SEC. 5. Section 7 of the said Act of May 29, 1930, as amended, is hereby repealed, and in lieu thereof the following is substituted:

“(a) Should any officer or employee to whom this Act applies, after having served for a total period of not less than five years and before becoming eligible for retirement become separated from the service, such officer or employee shall be paid a deferred annuity beginning at the age of sixty-two years, computed as provided in clauses (1) and (2) of section 4 (a) of this Act: *Provided*, That any such person involuntarily separated from the service not by removal for cause on charges of misconduct or delinquency may elect to receive an immediate annuity beginning at the age of fifty-five or at the date of separation from the service if subsequent to that age having a value equal to the present worth of a deferred annuity beginning at the age of sixty-two years, or at age of separation if subsequent to age sixty-two, computed as provided in section 4 of this Act: *Provided further*, That nothing in this Act shall be so construed as to prohibit

the refund of deductions, deposits, or redeposits made prior to the effective date of this Act with interest thereon, or of any voluntary contributions made under the provisions of section 10 of this Act, with interest: *And provided further*, That all moneys, except voluntary contributions, so refunded an officer or employee must be redeposited with interest before such officer or employee may derive any annuity benefits based on the service covered by the refund.

"(b) Should an annuitant under the provisions of this section be reemployed in a position included in the provisions of this Act, the annuity and any right to an immediate or deferred annuity as provided herein shall cease as of the date of such employment. If such annuitant is reemployed in any position in the service of the United States or the District of Columbia, not within the provisions of this Act, annuity payments shall be discontinued during the period of such employment, and resumed in the same amount upon termination of such employment.

"(c) Interest shall be allowed on the amount credited to such separated officer's or employee's individual account in the retirement fund at 3 per centum compounded on June 30 of each year until the beginning date of annuity."

SEC. 6. That in section 9 of the Act of May 29, 1930, as amended, after the words "and also 3½ per centum of the basic salary, pay, or compensation for services rendered from and after July 1, 1926" insert the following: "and prior to July 1, 1942, and also 5 per centum of such basic pay, salary, or compensation for services rendered on and after July 1, 1942".

SEC. 7. Add to the first sentence of section 10 of the Act of May 29, 1930, as amended, the following: "*Provided*, That after June 30, 1942, there shall be deducted and withheld from the basic salary, pay, or compensation of any officer or employee to whom this Act applies a sum equal to 5 per centum of such officer's or employee's basic salary, pay, or compensation".

SEC. 8. Strike out paragraph (b) of section 12 of the Act of May 29, 1930, as amended, and insert in lieu thereof the following:

"In the case of any officer or employee to whom this Act applies who shall be transferred to a position not within the purview of this Act, or who shall become absolutely separated from the service before he shall have completed an aggregate of five years of service computed in accordance with section 5 of this Act, the amount of deductions from his basic salary, pay, or compensation credited to his individual account, together with interest at 4 per centum compounded on June 30 of each year shall be returned to such officer or employee: *Provided*, That when an officer or employee becomes involuntarily separated from the service, not by removal for cause on charges of misconduct or delinquency before completing five years of creditable service the total amount of deductions from his basic salary, pay, or compensation with interest at 4 per centum compounded on June 30 of each year shall be returned to such officer or employee: *Provided further*, That all deductions from basic salary, pay, or compensation so returned to an officer or employee must, upon reinstatement, retransfer, or reappointment to a position coming within the purview of this Act be redeposited with interest at 4 per centum compounded on June 30 of each year before such officer or

employee may derive any benefits under this Act, except as provided in this section, but interest shall not be required covering any period of separation from the service."

SEC. 9. Section 13 of the Act of May 29, 1930, as amended, is hereby amended, effective from January 1, 1940, by adding at the end thereof the following paragraph:

"The term 'annuitant' as used in this Act shall include any employee who has met all requirements of the Act for title and has filed claim therefor, notwithstanding final administrative action was not taken by the Civil Service Commission prior to his death. Nothing in this section shall be so construed as to reduce any benefit otherwise payable."

SEC. 10. Nothing in this Act shall be so construed as to affect any rights of persons separated prior to the effective date of this Act, but all such rights shall continue and may be enforced in the same manner as though this Act had not been made.

SEC. 11. This Act shall take effect upon approval except as otherwise provided herein.

Approved, January 24, 1942.

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